

**Meeting of the Transmission Workstream
Transmission Planning Code Workshop 2
Minutes**

Thursday 01 May 2008

Elxon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chairman)	JB	Joint Office
Lorna Dupont	LD	Joint Office
Alex Barnes	AB	BG Group
Andrew Hayes	AH	Wales and West Utilities
Angus Paxton	AP	Poyry Energy Consulting
Bogdan Kowalewicz	BK	Ofgem
Chandima Dutton	CD	National Grid NTS
Chris Wright	CW	Centrica
Christiane Sykes	CS	Statoil (UK)
David Turner	DT	Gassco
Jeff Chandler	JC	Scottish and Southern Energy
John Costa	JC1	EDF Energy
Joy Chadwick	JC2	ExxonMobil
Leigh Bolton	LB	Cornwall Energy
Mark Amos	MA	National Grid NTS
Paul Remer	PR	National Grid Distribution
Peter Dickinson	PD	Ofgem
Phil Broom	PB	Gaz de France
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	E.ON UK
Richard Pickup	RP1	National Grid NTS
Roddy Monroe	RM	Centrica Storage Ltd
Russell Cooper	RC	National Grid NTS
Shelley Rouse	SR	Statoil UK
Sofia Fernandez Avendano	SFA	Total Gas and Power
Stefan Leedham	SL	EDF Energy
Apologies		
Julie Cox	JC2	AEP
Tim Davis	TD	Joint Office of Gas Transporters
Liz Spierling	LS	Wales and West Utilities

1. Introduction

JB welcomed the attendees to the meeting.

1.1 Minutes of the previous meeting (03 April 2008)

The minutes of the previous meeting were approved.

1.2 Review of Actions

There were no actions from the previous meeting.

2. Supply Section - draft document for discussion

CD gave a brief overview of the contents of each subsection, and the draft document was discussed.

RC explained what was required in terms of planning for the Safety Case. It was suggested that more direct reference to the Safety Case should be made and that appropriate sections of the Safety Case be included. JB pointed out that clarity was required regarding which part of National Grid was seen to be responsible (the Uniform Network Code referred to "National Grid NTS" in its capacity of owner and operator of the NTS) and that this should be reflected throughout the document.

Action TPC001: Supply Section - Include appropriate sections of the Safety Case within document.

Action TPC002: Supply Section – Amend as appropriate to make clear which part of National Grid is responsible and to reflect the use of the UNC definitions of National Grid within document.

Discussing sub section 4.4, BK pointed out that this makes the assumption that the Ten Year Statement (TYS) always has a Base Case, but this was not always the case – 2005 had three very different cases other than a Base Case – should the document state what might be done in these circumstances. RC thought that this would be more difficult to do as those particular three scenarios could change, however it was agreed to revisit this sub section 4.4 to see if more flexibility could be incorporated.

Action TPC003: Supply Section – Revisit sub section 4.4 to see if more flexibility could be incorporated.

Bearing in mind various sensitivities around the use of actual data, it was suggested that theoretical worked examples could be used for the purposes of explaining the methodology.

BK observed that, on reading the document, there was difficulty in recognising the steps that were being taken and wondered if this could be demonstrated more clearly. RC commented that National Grid NTS was looking for any form of trend that could be identified and analysed, and following on from historical data could the information then be used to project the analysis into the future. PD asked whether the document would reflect the impact and the effect of National Grid NTS's assumptions, to which RC responded in the negative. The aim was to create a plausible set of assumptions, and resources were not spent on retrospectively analysing what would have happened if it had been done differently. The effects would not be transparent because of the constraint of various data sensitivities.

DT observed that the TPC should set out the methodology and demonstrate consistency in approach, but should not contribute to a disclosure of the positions of various parties; it was not an audit document.

It was suggested that the steps could be made clearer by the inclusion of a flow chart and a decision tree.

Action TPC004: Supply Section – Incorporate a flow chart and a decision tree within the document.

CD asked where the document should sit to help the industry. DT said that it should be a description of the process as to how an investment decision was reached; it should not be viewed as a route to mount challenges to decisions, nor should it lead to disclosure of sensitive information. It should be a set of structured steps, ie more of a methodology. AB agreed that the safeguarding of confidential information was paramount. RM asked whether the meeting could look at previous investment decisions, without knowing the 'numbers'; could what had happened be deduced? CD responded that the number of scenarios considered had increased year on year and this affected decisions. RC added that the analysis carried out has also changed and

the variables assessed would therefore not be consistent; different methods were tried and applied and changed in the light of experience. New supply sources are still bedding in and flexibility needed to be maintained. RM pointed out that to be of any benefit to the community the document needs to inform how decisions are made; this would be difficult to understand if changes were made year on year. PD commented that the assumptions used have an effect on the decisions made; knowing these would give greater transparency to the industry, making the risks clearer as industry bears the cost of these.

It was commented that the planning for a network model needed to be transparent to the community. DT observed that the forecasts of ranges were within the Ten Year Plan (TYP). PD responded that the TYP does not show everything. DT commented that without access to the National Grid NTS Model and access to all the datasets, nothing would be achieved. AB said that he required assurance that National Grid NTS was doing the best it could and that Ofgem should be regulating this. Understanding how decisions were made was good but assessing if exchange rates were fair or correct was the role of Ofgem. RM said that Shippers would like answers to some things such as why minimal investment is made. PD responded that the objective was to achieve transparency in relation to investment and risk decisions as the community foots the bill at the end of the day. AB pointed out that the industry recognises the appropriate parties to do certain things. The Shippers' main interest was the outputs; all the inputs in this process were inaccessible to Shippers because of confidentiality issues, but this area still needed to be overseen by Ofgem to give Shippers the confidence that it was being properly looked at; it was not up to the industry to police this; Shippers can provide views but these were naturally limited.

AP pointed out that annuals and peaks were published within the TYS, but not a full set of supply/demand forecasts, and this should be borne in mind when reading the document.

RM asked whether the document would contain indications of how the process could be halted (if a project is not delivered or fails to complete). CD thought that this would be done on a case by case basis as this had not really been experienced yet. Delivery dates were reviewed, discussions took place with developers and work was deferred as appropriate. RM then asked what sort of review process would be in place, and RC responded that every new piece of information received would be reviewed in context. DT observed that this was a process that should be included in the document, as well as how lessons were learned from projects and any exceptions to the rules, etc

Action TPC005: Supply Section – Incorporate a review process within the document, and include how lessons would be learned from projects and any exceptions to the rules, etc.

Action TPC006: Supply Section – Make redrafted document available for review and comment in advance of the next meeting.

3. Demand Assumptions for Planning

CD gave a presentation describing and explaining the demand assumptions that National Grid NTS made for planning purposes, and comments were received.

PB suggested that the document would need to capture how price was dealt with.

JC1 asked how National Grid NTS reconciled its forecasts with actual turnout, and questioned whether storage sites were taken into account. CD responded that behaviour changes were noted and had been taken into account.

Action TPC007: Demand Section – Make draft document available for review and comment in advance of the next meeting.**4. Entry and Exit Process**

CD gave a presentation on Capacity Release Processes and Investment Planning describing and explaining the interaction between the Long Term Entry Capacity Release, the Offtake Capacity Statement process, and the annual investment plan cycle, and the associated timelines.

Summing up, RC said that he hoped that the presentations had given a fuller picture of the current process, and went on to ask the meeting what should be covered at the next Workshop.

BK suggested that during the next meeting National Grid NTS might review the current process for applying flow margins in its planning process. This should include consideration of whether the current principles should continue. He also suggested that the Code should address how requests for new exit and entry points, not included in the TBE assumptions, would be dealt with and this could also be discussed at the next meeting.

AP suggested that minor assumptions, eg temperature, gas quality, etc, may also need to be discussed and included.

It was then agreed that if anything different than or in addition to the above points was felt to be appropriate for the next Workshop then Workstream members should make this known to CD by Friday.

5. Any Other Business

CD identified that National Grid NTS had submitted a further presentation: Network Analysis – Introduction which outlined the principles behind “Graphical Falcon” which is used for Network Analysis. This was published on the Joint Office website after the meeting.

6. Diary Planning

The next Transmission Planning Code Workshop (3) has been arranged for 13:00hrs on Thursday 05 June 2008 at Elexon, 350 Euston Road, London NW1 3AW. This meeting will follow the Transmission Workstream. (Details of future meetings may be found on the Joint Office website at: www.gasgovernance.com/Diary).

Action Log – Transmission Planning Code Workshop 2: 01 May 2008

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TPC 001	01/05/08	2.0	Supply Section - Include appropriate sections of the Safety Case within document.	National Grid NTS (CD)	
TPC 002	01/05/08	2.0	Supply Section - Amend as appropriate to make clear which part of National Grid is responsible and to reflect the use of the UNC definitions of National Grid within document.	National Grid NTS (CD)	
TPC 003	01/05/08	2.0	Supply Section – Revisit sub section 4.4 to see if more flexibility could be incorporated.	National Grid NTS (CD)	
TPC 004	01/05/08	2.0	Supply Section – Incorporate a flow chart and a decision tree within the document.	National Grid NTS (CD)	
TPC 005	01/05/08	2.0	Supply Section – Incorporate a review process within the document, and include how lessons would be learned from projects and any exceptions to the rules, etc.	National Grid NTS (CD)	
TPC 006	01/05/08	2.0	Supply Section – Make redrafted document available for review and comment in advance of the next meeting.	National Grid NTS (CD)	
TPC 007	01/05/08	3.0	Demand Section – Make draft document available for review and comment in advance of the next meeting.	National Grid NTS (CD)	