

Transmission Workstream Minutes
Thursday 01 April 2010
Elexon, 350 Euston Road, London NW1 3AW

Attendees		
Tim Davis (Chair)	(TD)	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	(LD)	Joint Office of Gas Transporters
Andrew Pearce	(AP)	BP Gas
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Debra Hawkin	(DH)	National Grid NTS
Fergus Healy	(FH)	National Grid NTS
Joanna Ferguson	(JF)	Northern Gas Networks
Julie Cox	(JC)	AEP
Justin Jackson	(JJ)	ExxonMobil
Landon Larson	(LL)	ExxonMobil
Mark Dalton	(MD)	BG Group
Paul O'Donovan	(POD)	Ofgem
Rekha Patel	(RP)	Waters Wye
Richard Fairholme*	(RF)	EON UK
Richard Miller	(RM)	Ofgem
Richard Sarsfield-Hall	(RSH)	Poyry Energy Consulting
Roddy Monroe	(RMo)	Centrica Storage Ltd
Shelley Rouse	(SR)	Statoil
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Steven Sherwood	(SS)	Scotia Gas Networks
* via teleconference		

1. Introduction

TD welcomed attendees to the meeting.

1.1 Minutes of the previous Workstream Meeting

The minutes of the previous meeting (04 March 2010) were accepted.

1.2 Review of Outstanding Actions

Action TR0203: National Grid NTS to check if the mismatch between flex zones and linepack zones was being addressed, and consider the interaction between the zones and what triggers changes to locations, and report back.

Update: FH requested that this action be carried forward to May Workstream.
Action carried forward

Action TR 0301: RH to clarify what information National Grid NTS will be publishing regarding the Operating Margins Tender process.

Update: FH requested that this action be carried forward to May Workstream.
Action carried forward

Action TR 0302: JB to close Maintenance Planning topic.

Update: Item closed on the Topics Register. **Action closed**

Action TR 0303: Project Discovery - BW to confirm the work that Ofgem is undertaking on gas quality and the next steps.

Update: Response will be informed by other work currently underway under Project Discovery. Deferred to June. **Action carried forward**

Action TR 0304: BW to confirm how the investment projected by Project Discovery compares to recent history.

Update: POD reported that this was a doubling of investment, ie the average projected rate of investment was double that seen historically. **Action closed**

Action TR 0305: Exit Review Modification Proposals - FH to provide a change marked copy of each of the exit related draft Proposals for publication on the JO website.

Update: Provided. **Action Closed**

Action TR 0306: DH to confirm it would not be possible to include the full DADSEC allocation within the calculation to determine if UIOLI capacity should be released.

Update: DH confirmed it would not be possible to include the full DADSEC allocation within the calculation to determine if UIOLI capacity should be released. This was because of the timings of the auctions (02:00 for final DADSEC, allocation by 03:00, and system down at 04:00). The 03:00 – 04:00 window was not deemed enough time in National Grid NTS' view. Other alternatives had been looked at, but no 'window' appeared to give sufficient time.

Action closed

Action TR 0307: FH to consider presenting data on usage of Trades and Transfer opportunities and on non-obligated capacity release to a future Workstream.

Update: FH confirmed that a presentation would be made at the May Workstream. **Action carried forward**

Action TR 0308: JB to ask the Panel for an extension to the date by which a report should be provided on Proposal 0273.

Update: Extension granted until 17 June 2010. **Action Closed**

1.3 Review of Workstream's Modification Proposals and Topics

1.3.1. Modification Status Report (Modification Proposals Register)

The Modification Proposals Register is available to view at: <http://www.gasgovernance.co.uk/mods/>.

TD gave an update on live and recently closed Modification Proposals.

He drew attention to the fact that an additional Modification Panel meeting will be held by teleconference at 13:00 on Thursday 22 April 2010. This additional Panel meeting has been arranged because National Grid NTS have a target implementation date of 01 June 2010 for Modification Proposals 0287 (Change System Capacity Transfers Notification Time Limit from 04:00 to 03:00 hours) and 0289 (To determine the amount of Annual NTS Exit (Flat) Capacity to be released where the quantity of unsold NTS Exit Capacity fluctuates within the Gas Year). Holding the additional meeting will enable Panel members to determine whether or not to recommend implementation prior to the Proposals being sent to Ofgem for decision, such that an Ofgem decision may be received prior to 01 June 2010.

1.3.2. Topic Status Report

The Topic Status Report for the Transmission Workstream is located on the Joint Office website at: <http://www.gasgovernance.co.uk/mods/>

TD gave an update covering topics not otherwise on the agenda.

1.3.3. Related Meetings and Review Groups

There were no matters arising that required the attention of the Workstream.

POD took this opportunity to confirm that Ofgem had appointed Hannah Nixon as Partner, Transmission. Hannah, who already heads up Ofgem's review of energy network regulation (the RPI-X@20 project), will now also lead Ofgem's Transmission Directorate.

Within Transmission, Hannah will lead on a number of projects including the next Transmission Price Control (TPR 2013 – 2018). The RPI-X@20 project will remain Hannah's priority until it concludes this autumn.

POD reminded attendees that Ofgem would be holding a workshop on 13 April 2010 to discuss the proposed scope of the Transmission Price Control one-year Adapted Roll-over. Details were circulated via email (29 March 2010). Hannah Nixon will chair the workshop and National Grid, Scottish Power and Scottish Hydro-Electric Transmission Ltd will make presentations. There were still places available, and registration should be made by 01 April 2010 to: TPCR4.Rollover@ofgem.gov.uk.

He also indicated that next week it was intended to publish a consultation relating to carbon capture and carbon capture and storage and National Grid would be holding a workshop as appropriate.

POD also reported that the Code Governance Review final proposals had now been published (31 March 2010).

2. UNC Modification Proposals

TD advised that in respect of Modification Proposals 0285, 0288 and 0290 the Modification Panel had requested that Workstream Reports be prepared for no later than the 20 May Panel meeting.

2.1 Modification Proposal 0285: "Use it or lose it" (UIOLI) Interruptible Capacity only to be released when there is at most 10% unsold firm entry capacity

DH gave a presentation that addressed the issues raised at the Modification Panel (legal text, European issues, Moffat, Trade and Transfer arrangements) and these were briefly discussed.

JC disagreed with the assertion that the Modification Proposal is consistent with the recent ERGEG papers and EU legislation, and referred to the Congestion Management Guidelines (CMG). If there was no congestion, then Firm and Interruptible products should be released. DH argued that this might not mean releasing them all every day. Interpretation may be in question, and there were different issues as to when there is congestion and when not, and appropriate interpretation needed to be agreed. The CMG were specific for when there was congestion at interconnectors, and connection points were likely to require harmonising, eg same method of release, etc. This would be too late to consider when guidelines were finalised.

JJ added out that there was no desire to derail the current process, and this is moving closer to European harmonisation. SL was concerned that there was a risk of bringing forward a proposal this year and further change next, and was aware that this practice had not been favoured by industry in the past.

RM commented, that Ofgem's European colleagues expect National Grid to assure itself that it is compliant with the 3rd Package. TD pointed out that National Grid had already stated that it believed itself to be compliant.

Moving on to the arrangements at Moffat, DH reported that discussions about a commercial entry service were continuing but she believed that this Modification Proposal would have no impact. This Proposal was addressing physical flows and not commercial flows.

Concluding, DH confirmed that the Proposal had been reworded to take account of the concerns raised and to add clarity where appropriate. As a current UNC Modification Panel Member, CW confirmed that he believed the discussion had covered all issues raised at the UNC Modification Panel meeting.

TD then guided the Workstream through the review and compilation of the Workstream Report.

DH agreed that the reference to the implementation date within the Proposal was inappropriate and an amendment to the Proposal would be raised to address this.

SL and ST believed that the Proposal was not clear regarding Unsold Capacity and questioned the definition; they would like suggested legal text to be provided and it was agreed that it would help to have this available in time for the next UNC Modification Panel meeting.

Following discussion, each section of the Workstream Report was compiled to reflect the views of the parties present. The consensus was that the Workstream should recommend that the Proposal be issued for consultation and that the Panel request the preparation of legal text for this Proposal.

2.2 Modification Proposal 0286: Extending Modification Panel Voting Rights to Consumer Representatives

Consultation had commenced (closing date 07 May 2010). TD suggested that this was an opportunity to discuss and comment on the implications of this Modification Proposal.

No comments were forthcoming.

2.3 Modification Proposal 0288: Facilitating the Reduction of Enduring Annual NTS Exit (Flat) Capacity by a value less than 100,000kWh

UNC Panel Members had debated precisely what was proposed and had sought clarity regarding the expected impacts should this Proposal be implemented. It had also been discussed whether this was or was not correctly classified as a User Pays Proposal, and whether the proposed allocation of costs was appropriate.

It had been clarified that systems impacts were expected, and FH had amended the Proposal to make this clear. National Grid NTS was unable to guarantee that the implementation costs would be zero, but explained that the ROM analysis showed that no additional cost was expected to be incurred.

It was pointed out that the ROM had not been published. RP sought commitment to re-consultation should a change in costs occur prior to implementation. FH

explained why he believed there would be zero costs, however CW noted that there must be a sufficient risk apparent to National Grid NTS to warrant the inclusion of a statement to hedge this position.

ST did not believe this should be a User Pays Proposal. Others did not believe it met the definition in either the UNC or in the User Pays Guidance Document.

Following discussion, each section of the Workstream Report was compiled to reflect the views of the parties present. The consensus was that the Workstream should recommend that the Proposal be issued for consultation but that the Panel should not request the preparation of legal text for this Proposal.

2.4 Modification Proposal 0290: To facilitate the release of Additional NTS Exit (Flat) Capacity at National Grid NTS's discretion

At the UNC Panel meeting, CW had voiced concerns about the potential volumes of released capacity and how it is proposed to manage revenues, and ST had asked how the capacity is identified against other incremental capacity. The Panel had requested the Transmission Workstream to clarify the revenue implications and National Grid's ability to release capacity in a particular window.

Referring to the questions on discretionary capacity, ST asked how a party would know when it had been released. FH responded that a party should request what it wants at the annual invitation; it was reasonably straightforward to allocate capacity and apply equally across the board regardless of whether or not it was discretionary. ST questioned if there was a mechanism to signal to the market that National Grid NTS was considering additional release and was not constrained to baseline. FH responded that there was no signalling – parties should just put in a request for what is needed and National Grid would allocate capacity whenever and wherever possible. FH added that there was no impact on price – everyone pays the same capacity price. SL disagreed with this point, and believed there would be an impact on price because any revenue would be allocated to the SO and incentives existed.

Following discussion, the Workstream Report was compiled to reflect the views of the parties present. The consensus was that the Workstream should not recommend that the Panel request the preparation of legal text for this Proposal.

3. Topics

Copies of the various presentations are available to view and/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/tx/010410>.

3.1 Topic 003TR Review of NTS Exit Capacity Arrangements

3.1.1. Proposal to amend the DN adjustment window – National Grid NTS

Due to lack of time this presentation was deferred to the next Workstream meeting (06 May 2010). In the meantime, FH would be happy to receive comments/answer questions prior to the meeting.

4. Any Other Business

None raised.

5. Diary Planning

The next Transmission Workstream meeting is due to be held at 10:00 on Thursday 06 May 2010, at Elexon, 350 Euston Road, London NW1 3AW.

Details of all planned meetings are on the Joint Office website at:
www.gasgovernance.co.uk/Diary.

Action Log – UNC Transmission Workstream: 01 April 2010

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 0203	04/02/10	3.3	National Grid NTS to check if the mismatch between flex zones and linepack zones was being addressed, and consider the interaction between the zones and what triggers changes to locations, and report back.	National Grid NTS (SF)	Update due 06 May Carried forward
TR 0301	04/03/10	1.3.2	Clarify what information National Grid NTS will be publishing regarding the Operating Margins Tender process	National Grid NTS (RH)	Update due 06 May Carried forward
TR 0302	04/03/10	1.3.2	Close Maintenance Planning topic	Joint Office (JB)	Topic closed. Closed
TR 0303	04/03/10	3.1	Confirm the work that Ofgem is undertaking on gas quality and the next steps.	Ofgem (BW)	Update due 03 June Carried forward
TR 0304	04/03/10	3.1	Confirm how the investment projected by Project Discovery compares to recent history	Ofgem (BW)	Closed
TR 0305	04/03/10	3.2.1	Provide a change marked copy of each of the exit related draft Proposals for publication on the JO website.	National Grid NTS (FH)	Published. Closed
TR 0306	04/03/10	3.3.1	Confirm it would not be possible to include the full DADSEC allocation within the calculation to determine if UIOLI capacity should be released	National Grid NTS (DH)	Confirmed. Closed
TR 0307	04/03/10	4.3	Consider presenting data on usage of Trades and Transfer opportunities and on non-obligated capacity release to a future Workstream.	National Grid NTS (FH)	Presentation to be made on 06 May Carried forward
TR 0308	04/03/10	6.3	Ask the Panel for an extension to the date by which a report should be provided on Proposal 0273.	Joint Office (JB)	Extension granted until 17 June 2010. Closed