

Review Group 0166 Minutes
Thursday 06 September 2007
Elxon, 350 Euston Road, London

Attendees

John Bradley (Chair)	JB2 Joint Office of Gas Transporters
Alex Barnes	AB BG Group
Avian Egan	AE Bórd Gáis
Beverley Grubb	BG Scotia Gas Networks
Chris Logue	CL National Grid NTS
Chris Wright	CW British Gas Trading
Christian Hill*	CH RWE Npower
Christiane Sykes	CS Statoil
Jeff Chandler	JC2 Scottish and Southern Energy
John Baldwin	JB1 CNG
Julie Cox*	JC1 Association of Electricity Producers
Karen Healy*	KH xoserve
Leigh Bolton	LB Holmwood Consulting
Liz Spierling	LS Wales & West Utilities
Mark Feather	MF1 Ofgem
Mark Freeman	MF2 National Grid Distribution
Martin Watson	MW National Grid NTS
Mike Young	MY British Gas Trading
Paul O'Donovan	POD Ofgem
Phil Broom	PB Gaz de France
Rekha Patel	RP WatersWye
Richard Fairholme	RF E.ON
Robert Cameron-Higgs	RCH Northern Gas Networks
Roddy Monroe	RM Centrica Storage
Sofia Fernandez Avendano	SFA Total
Stefan Leedham	SL EDF Energy
Stephen Rose	SR RWE Npower
Stuart Waudby	SW Centrica Storage
Tim Davis	TD Joint Office of Gas Transporters

Apologies

Conor Purcell	Electricity Supply Board
Eddie Proffitt	Major Energy Users Council
Lee Foster	xoserve
Nick Wye	WatersWye
Peter Bolitho	E.ON

* *teleconference linked*

1. Introduction and Review Group Operation

JB2 welcomed members to the first meeting and explained that a Review Group Report was due to be produced for the December 2007 UNC Modification Panel Meeting. The

intention of Review Groups is to review sections of the UNC. The Modification Panel is required to approve Terms of Reference, and receives a monthly progress report. JB2 pointed out that a small, focused group of members was usually the best way of making progress and suggested that this aspect be considered later in the meeting.

2. Consider Terms of Reference

MY, as Proposer, provided a brief presentation, and drew attention to some suggested changes to the Terms of Reference which EON had submitted in advance. The meeting then proceeded to review the Terms of Reference and the suggested amendments put forward by attendees at the meeting and submitted in advance by EON.

Section 2 Third Bullet

TD questioned what was meant by “the cost of providing access”, in the amendments suggested by EON. It was concluded that this was a reference to high-level cost considerations and that detailed cost/benefit analysis was not required.

BG suggested that before developing appropriate products, the Review Group should consider the differing demands and requirements of different users. It was suggested that, ahead of bullet 3, there should be added “a need to consider user requirements and NTS requirements or characteristics.”

Section 2 Fourth Bullet

JC2 suggested that the initial drafting of changes to EU Access Regulation 1775/2005 should be considered when available. CW suggested that it was not the role of the Review Group to interpret the Regulations, although they could clearly be referred to. This principle of making reference was therefore agreed.

Section 2 Additional E.ON Bullet

AE proposed expanding by adding at the end the following: “This may involve, inter alia, consideration of overrun rules, initial prevailing rights allocations and accommodation of any party operating at such an exit point who has been granted an exemption by the Secretary of State.” Others suggested that this may be a more generic point to be included elsewhere, for example the third bullet. RF cautioned against getting into detail on specific issues given the time available to complete the Review. However, it was agreed that, in this case, drafting based on AE’s proposal should be incorporated.

Some questioned whether this additional bullet suggested by EON on downstream arrangements was necessary. It was agreed that some additional words would be inserted in the third bullet to cover EON’s point and AE’s addition.

MF1 emphasised that Ofgem would necessarily focus on GB customers and GB impacts when deciding whether or not to direct implementation of any UNC Modification Proposal.

Section 3 Second Paragraph

JB2 questioned whether the reference to majority voting was deliberate, since this was not normally part of a Review Group’s remit. Due to the potential complications it was agreed that there should be no formal voting within the Review Group but the Group would, as normal, seek to achieve consensus as set out in the Chairman’s Guidelines.

Information Sources

EON’s suggestion that public domain papers provided to and by the Competition Commission (CC) should be included under Information Sources was agreed. JB2 reminded the group that the Joint Office would, on request from the relevant participant, place on its web site any further public domain papers submitted as part of this Appeal.

Action RG 0166 001: MY to consider the points raised and draft revised Terms of Reference for consideration by the Review Group and Modification Panel.

Composition

JB2 went through the list of volunteers for Group membership and alternates. This list had previously been circulated by the Joint Office and was agreed. In addition, the following were added: Robert Cameron-Higgs (alternate Keith Dixon), Phil Broom and Graham Thorne (alternate John Baldwin). Paul O'Donovan would be alternate for Mark Feather and Leigh Bolton expressed a willingness to attend meetings and participate, if the meetings were open in structure.

3. Review Group Process

MY's presentation identified three broad areas to be reviewed, as specified in the Proposal, and outlined some specific areas for consideration.

MY emphasised JB2's remarks that the Review Group should retain a clear focus. It was agreed that the main Review Group should be open for general attendance, but that smaller groups may be needed to drive forward specific issues. TD pointed out that all attendees should come prepared to contribute to the work of the group. This principle was agreed.

Meetings twice per month were agreed – first and third Thursday, following the Transmission Workstream and Modification Panel respectively. It was agreed that for the next meeting representatives of stakeholder groups would provide some thoughts on the nature of their requirements under each of three headings (user commitment, arrangements for interruption, management and monitoring of linepack depletion). The two main questions to address in these presentations would be:

1. What does offtake reform need to achieve?
2. What are the key problems and issues that stakeholder group face at the moment?

It was agreed that the following would either present or find an alternative volunteer to do so:

- BG with respect to DN users;
- MW with respect to National Grid NTS;
- RM with respect to storage users;
- AE with respect to interconnectors;
- JC with respect to end-users; and
- MY with respect to Shippers.

In addition, the Group emphasised that input from Ofgem would be welcomed, particularly if there were developments of policy in respect of enduring offtake arrangements.

JB2 emphasised that in order to make progress these submissions should be submitted to the Joint Office for inclusion in the meeting documentation, preferably at least five business days prior to next meeting (ie by 13 September 2007)

Action RG 0166 002: Stakeholders to consider requirements and provide presentations to the Joint Office by 13 September 2007.

MY emphasised that the Review Group was not starting a new process and needed to build on the work undertaken in recent years, but in particular should take account of the CC decision. MF1 supported this and emphasised Ofgem's continued support for a user commitment model approach. In parallel with the Review Group process, Ofgem anticipated undertaking its own analysis in line with the CC recommendations. RM asked if anybody would be willing and able to provide a summary of the CC decision, but no volunteer was forthcoming.

MY agreed to work with the Joint Office in producing a work programme for the group to be agreed at the next meeting.

Action RG 0166 003: MY and JB2 to develop work programme for subsequent meetings.

4. Diary Planning for Review Group

13:00, 20 September 2007 at Elexon, London

Consider presentations on each area from each user group

Agree subsequent work programme for meetings on 1st and 3rd Thursday of each month

5. AOB

None.

APPENDIX A.**ACTION LOG - Review Group 0166**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0166 0001	06/09/2007	2	MY to consider the points raised and draft revised Terms of Reference for consideration by the Review Group and Modification Panel.	MY (BGT)	
RG0166 0002	06/09/2007	3	Stakeholders to consider requirements and provide presentations to the Joint Office by 13 September 2007.	BG (SGN), MW (NGNTS), RM (CSL), AE (BGE), JC (AEP), MY (BGT)	
RG0166 0003	06/09/2007	3	MY and JB2 to develop work programme for subsequent meetings.	MY (BGT), JB2 (JO)	