

Review Group 0166 Minutes
Thursday 06 December 2007
Ellexon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	JB Joint Office of Gas Transporters
Lorna Dupont	LD Joint Office of Gas Transporters
Amrik Bal	AB Shell
Andrew Pester	AP Ofgem
Angus Paxton	AP1 Poyry Energy Consulting
Chris Wright	CW Centrica
Christian Hill	CH RWE Npower
Christiane Sykes	CS Statoil (UK)
Craig Purdie	CP Centrica Storage
Elizabeth Delhaise	ED Poyry Energy Consulting
Jeff Chandler	JC Scottish and Southern Energy
John Baldwin	JB1 CNG Services
Julie Cox	JC1 AEP
Karen Healy	KH xoserve
Lewis Hodgart	LH Ofgem
Liz Spierling	LS Wales & West Utilities
Mark Freeman	MF National Grid Distribution
Matthew Hatch	MH National Grid NTS
Mike Young	MY Centrica
Peter Bolitho	PB E.ON UK
Rekha Patel	RP Waters Wye Associates
Richard Fairholme	RF E.ON UK
Ritchard Hewitt	RH National Grid NTS
Robert Cameron-Higgs	RCH Northern Gas Networks
Stefan Leedham	SL EDF Energy
Stephen Rose	SR RWE Npower
Steven Sherwood	SS Scotia Gas Networks

Apologies

Graham Thorne	GT Canatxx Gas Storage
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1. Introduction

JB welcomed members to the meeting. The group was informed that a new section headed "DN Interruption" was to be created on the Joint Office website and any relevant documents made available for publication would be posted at this location: www.gasgovernance.com/IndustryInformation/DNInterruption.

1.1 Minutes of the previous meeting (15 November 2007)

The minutes were approved.

1.2 Actions outstanding

Action RG0166/006: (Wording of action amended 15/11/07) National Grid NTS (MW) to circulate generic ARCAs (Shipper and DN).

Update: Not available. **Action carried forward.**

Action RG0166/009: National Grid NTS (RH) agreed to investigate the occurrences of commercial and constraint management interruption in the last 5 years, including the issue of P70 forms and report back its findings to the Review Group.

Update: RH advised that historical information was still being researched. **Action carried forward.**

Action RG0166/016: New section “Bi-directional Points” - SSE (JC) to provide draft text.

Update: Following further offline discussions JC requested that the action be closed. This was agreed. **Action closed.**

Action RG0166/017: All to provide any further detailed comments on draft proposals to Joint Office as soon as possible for collation.

Update: JB stated that further comments would be welcome. **Action on ALL carried forward.**

Action RG0166/019: Business Rules Sub-group (JC1, SR, MW, CW, and PB) to consider the 0116 Business Rules and their applicability to the draft Proposal being developed by the Review Group.

Update: These had been considered and addressed by the Sub-group. **Action closed.**

Action RG0166/020: National Grid NTS (MW) agreed to establish how exit overrun charges are accounted for at present and whether they impact neutrality.

Update: National Grid NTS stated that there would be no requirement for Exit Capacity Neutrality. **Action closed.**

Action RG0166/021: The inclusion of low demand days in the Proposal will be considered by the Offtake Arrangements Workstream. Scotia Gas Networks (BG) to report on progress made.

Update: LS advised that this was discussed and that there would be no impact on this Review Group. **Action closed.**

Action RG0166/022: Business Rules Sub-group to consider the comments provided by National Grid NTS.

Update: These had been considered and addressed by the Sub-group. **Action closed.**

Action RG0166/023: Interruptible Capacity Proposal - Business Rules Sub-group (JC1, SR, MW, CW, and PB) to consider the 0116 Business Rules and their applicability to the draft Proposal being developed by the Review Group.

Update: These had been considered and addressed by the Sub-group. **Action closed.**

Action RG0166/024: Interruptible Capacity Proposal - JO to publish a revised Proposal reflecting the discussion.

Update: A single proposal was being developed to take into account both Firm and Interruptible. **Action closed.**

Action RG0166/025: E.ON (PB) to provide a revised Proposal reflecting the discussion.

Update: PB advised that this was a work in progress and could be developed and put forward as an alternative. **Action carried forward.**

2. Report Back of Business Rules Group

2.1 Modification Proposal

Since the last meeting the Business Rules Sub-group had met to discuss the 0116V Business Rules and how these might need to be changed or adapted to meet the new requirements. Following this meeting SR had provided an updated 'Nature of Proposal' section for further review and discussion.

RH stated that he had discussed this with legal advisers and said that more clarity might be appropriate. There had been two definitions under 0116V and these should not be combined but rather needed to be clearly differentiated.

The meeting agreed to keep the word 'flat' both in SR's Proposal and in the Business Rules. Any inconsistencies would be reviewed and reset.

Overrun charges and FTI charges were considered and their applications were discussed. JC1 was under the impression that this new Proposal would mirror the current exit overrun charging regime, and that this would continue. It was commented that under Modification 0090 the charges were always 2x (or double). PB thought that it was necessary to include FTI charges in the Modification Proposal.

After some further discussion it was agreed that the Modification Proposal should include a Daily Interruptible Product, Overrun charges (2x) and FTI charges (2x).

SR then gave a 'run through' of the Nature of Proposal section.

There was a short discussion relating to "Demonstration Date". SL felt that this gave rise to too many complexities. It was commented that developers should have the same obligations as Users. JC1 pointed out that the Nature of Proposal was an attempt to codify what was already in existence in practice, eg in ARCA's.

Section 5 was discussed and RH and JC1 agreed that the SMPS was probably sufficient and the outline structure of the tenders were in the Business Rules and would appear in the UNC legal text.

Following a brief discussion of Section 6 SS agreed the changes that should be made to this section, ie the same month for both DN and NTS notifications.

A further point from the Business Rules Sub-group meeting was raised by PB. It was still of major concern that Interconnectors (eg Ireland) had different capacity arrangements downstream. Assuming approval of any new arrangements it may be possible therefore for the Authority to insert a clause within its determination, enabling a deferral implementation

until such time as it became practical for the affected Parties to implement. It was thought that this may have merit but may also complicate the drafting.

In response to a question from PB on a “Transitional Interruption Service”, JB and SR confirmed that this was in the Business Rules but not in the Proposal. RH suggested that the wording be made consistent.

2.2 Business Rules

Due to insufficient time the draft Business Rules were not reviewed within this meeting.

3. Flexibility

JB reported that three sets of ‘homework’ had been received and that none of the responses had indicated that a 0116V type solution was required.

3.1 British Gas Trading Proposal

MY gave a brief overview and explained that this was expanding on 0116V. Two approaches to information publication were put forward: either monitoring as proposed in 0116V, or the publishing of zonal information, looking at linepack depletion on a zonal basis. It was agreed that there had to be some way of monitoring the use of flexibility. PB pointed out that national linepack was published hourly on Gemini and thought that perhaps this could be replicated to support this proposed monitoring. JC1 agreed that this was really useful information and should not be affected by any issues relating to confidentiality. RH thought that this may be a possible solution, but would need further consideration as to what level of granularity would be required and where this could be published. IS costs for production and implementation would also need to be investigated, and RH added that publication ‘after the Day’ reduces the costs on IS systems.

PB observed that market participants need to manage their risks through linepack and pressure information. CS commented that linepack had an influence on the price of gas for a Day and that this would also need to be considered. Distortion of the market may occur if published information impacts on predictions. JC1 pointed out that the new Gas Regulations also needed to be taken into account. JB thought that publication after the Day would give less opportunity for gaming. CW acknowledged this statement, which had been made in the context of Review Group 0140 but commented that publication within Day allowed actions to be taken.

It was agreed that the Proposal and Business Rules should be reworded to reflect information on use of flexibility and hourly linepack; both to be published after the Day.

Ofgem was asked for its view but felt that this needed more consideration before comments could be made, although it was noted that Ofgem had been very supportive of movements towards greater transparency of information.

Action RG0166/026: MY to distribute a map indicating zonal divisions.

4. Way forward

Taking into account the comments and suggestions received from the meeting SR and JB agreed to review the ‘Nature of Proposal’ and the draft Business Rules and bring redrafted papers to next week’s meeting for approval. For the purposes of parallel drafting the alternative/bolt on Proposal PB requested that he be provided with copies of the eventual redrafting.

Action RG0166/027: Review the ‘Nature of Proposal’ and the draft Business Rules and bring redrafted papers to next meeting (13/12/07) for approval. Send copies to E.ON UK (PB) to assist with parallel drafting.

5. Any Other Business

None.

6. Diary Planning for Review Group

The next meeting is scheduled for Thursday 13 December 2007, at Elexon, 350 Euston Road, London NW1 3AW commencing at 13:00. **(Please note that this is an estimated time as the meeting will follow on from the UK Link Committee meeting that commences at 10:00.)**

ACTION LOG - Review Group 0166

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
RG0166/006	04/10/07	2	(Wording of action amended 15/11/07) MW to circulate generic ARCAs (Shipper and DN).	National Grid NTS (MW)	Carried forward to 13/12/07
RG0166/009	04/10/07	3	RH agreed to investigate the occurrences of commercial and constraint management interruption in the last 5 years, including the issue of P70 forms and report back its findings to the Review Group.	National Grid NTS (RH)	RH to provide data going back 10 years. Carried forward.
RG0166/016	01/11/07	2	New section “Bi-directional Points” – SSE (JC) to provide draft text.	SSE (JC)	Further discussions took place. Action agreed closed.
RG0166/017	01/11/07	2	All to provide any further detailed comments on draft proposals to JO as soon as possible for collation.	All	(Only NG NTS provided so far.) Carried forward
RG0166/019	15/11/07	2	Bundled Firm Capacity Proposal: Sub-group (JC1, SR, MW, CW, and PB) to consider the 0116 business rules and their applicability to the draft Proposal being developed by the Review Group.	JC1, SR, MW, CW, and PB	Considered and addressed. Action closed.
RG0166/20	15/11/07	2	Bundled Firm Capacity Proposal: National Grid NTS (MW) agreed to establish how exit overrun charges are accounted for at	National Grid NTS (MW)	No impact on neutrality.

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			present and whether they impact neutrality.		Action closed.
RG0166/021	15/11/07	2	Bundled Firm Capacity Proposal: The inclusion of low demand demands in the Proposal will be considered by the Offtake Arrangements Workstream. Scotia Gas Networks (BG) to report on progress made.	Scotia Gas Networks (BG)	No impact on this Review Group. Action closed.
RG0166/022	15/11/07	2	Bundled Firm Capacity Proposal: Business Rules Sub-group to consider the comments provided by National Grid NTS.	JC1, SR, MW, CW, and PB	Considered and addressed. Action closed.
RG0166/023	15/11/07	3	Interruptible Capacity Proposal: Business Rules Sub-group (JC1, SR, MW, CW, and PB) to consider the 0116 business rules and their applicability to the draft Proposal being developed by the Review Group.	JC1, SR, MW, CW, and PB	Considered and addressed. Action closed.
RG0166/024	15/11/07	3.1	Interruptible Capacity Proposal: JO to publish revised Proposal reflecting the discussion.	Joint Office (JB)	Single Proposal for Firm and Interruptible to be devised. Action closed.
RG0166/025	15/11/07	3.2	Bolt On Proposal: E.ON (PB) to provide revised Proposal reflecting the discussion.	E.ON (PB)	Work in progress. Action carried forward.
RG0166/026	06/12/07	3.1	Flexibility: Distribute a map indicating zonal divisions.	Centrica (MY)	
RG0166/027	06/12/07	4.0	Review the 'Nature of Proposal' and the draft Business Rules and bring redrafted papers to next meeting (13/12/07) for approval. Send copies to E.ON UK (PB) to assist with parallel drafting.	RWE (SR) and JO (JB)	