

**Review Group 0166 Minutes**  
**Thursday 13 December 2007**  
**Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

John Bradley (Chair)	(JB) Joint Office of Gas Transporters
Mike Berrisford	(MiB) Joint Office of Gas Transporters
Alan Raper	(AR) National Grid Distribution
Andrew Pester	(AP) Ofgem
Julie Cox	(JC) AEP
Lee Bolton	(LB) Cornwall Consulting
Liz Spierling	(LS) Wales & West Utilities
Matthew Hatch	(MH) National Grid NTS
Peter Bolitho	(PB) E.ON UK
Ritchard Hewitt	(RH) National Grid NTS
Stefan Leedham	(SL) EDF Energy
Stephen Rose	(SR) RWE Npower
Steve Fisher	(SF) National Grid NTS

**Apologies**

Chris Wright	(CW) Centrica
Craig Purdie	(CP) Centrica Storage
Mike Young	MY Centrica

**1. Introduction**

JB welcomed members to the meeting.

**1.1 Minutes of the previous meeting**

The minutes of the 06 December 2007 meeting were approved.

**1.2 Actions outstanding**

RG0166/006 – National Grid NTS (MH) agreed to investigate the possibility of consultation on generic ARCAs (Shipper and DN) and requested the action be carried forward.

Chair (JB) suggested, and members agreed, to transfer the action to the Transmission workstream.

**Action RG0166/006: Closed**

RG0166/009 – National Grid NTS (RH) informed members that he has consulted with F Gracias who has confirmed that National Grid do not have the P70 forms going back beyond the last 5 years.

Chair (JB) asked, and members agreed, to close the action.

**Action RG0166/009: Closed**

RG0166/017 – Chair (JB) pointed out to members that as the review group is nearing the end of its work, this action should now be closed.

Chair (JB) asked, and members agreed, to close the action.

**Action RG0166/017: Closed**

RG0166/025 – E.ON UK (PB) informed members that once the main document becomes available he will, within 5 Business Days of the next panel meeting submit a revised/alternate proposal reflecting recent discussions.

Chair (JB) asked, and members agreed, to close the action.

**Action RG0166/025: Closed**

RG0166/026 – Following the distribution of the zonal divisions map, LS pointed out that she had experienced difficulties launching the map from the web site. MH added that the business rules (mapped to the table) contained one error and was suggesting a revision of appendix 1 of the BR's to correct this.

Chair (JB) asked, and members agreed, to close the action.

**Action RG0166/026: Closed**

RG0166/027 – please see item 2.1 below.

**2. Agreement of Report to December's Modification Panel**

Chair (JB) informed members that he and SR had spent Monday reviewing the business rules.

**2.1 Comparison between Mod 166 and Mod 0166CVV**

SR provided a presentation on the 'Comparison between Mod 166 and Mod 116CV', focusing on the 'Nature of Proposal' section. A copy of the presentation is available to view or download from the Joint Office web site.

Members discussed what would happen in the event that the latest date was Y+2 and a party or Offtake made an application where a reduction was already in place in the same window. SF believed that this would need to be thought out in more detail, but not necessarily within this modification, and added that the signal equates to Y+4. SR added that with regards to 0116, National Grid had felt that this could be better resolved by incorporating the reductions within the EXCR Methodology at an appropriate point whilst acknowledging that care would be needed in clearly defining the relationship between reduction in, and applications for, Exit Capacity. RH remained cautious over the two year difference between building capacity and utilising it (adoption of a 4 year capacity notification).

Members then discussed removal of the concept of a latest date (final paragraph on page 6 of version 0.6 of the 0166 modification proposal), suggesting that it needs to be replaced with a statement along the lines of '*National Grid will accept the latest date, as long as it is later than Y+2, and subject to user commitment*', In concluding, SR agreed to remove and redraft the proposal accordingly.

Members continued to review the draft proposal, suggesting the following changes should be made:

- In the 'Nature and Purpose – Introduction' paragraph 3, reference to 0116 "reconsultation" should read as "reconsideration";
- Changing "close" to "closure" in paragraph 1 on page 5, and
- Amending paragraph 3 on page 6 to read as > 10GWh/day.

RH pointed out to members that if 'D' and 'd' are being utilised within the drafting to define days, then perhaps the proposer should consider adopting his default statement which he utilises for all his (National Grid NTS's) modification proposals.

Moving on, SR asked members to consider how a developer's credit worthiness would be assessed, to which SF suggested that National Grid NTS would have to take a view for each application.

Considering slide 6 of the presentation, members discussed how and in what manner a User would demonstrate that it was ready to use its reserved capacity. The consensus was that it does not need to be defined, within the Proposal but consideration should be given to covering this within the Business Rules. JC suggested that this part of the Proposal is designed to ensure that National Grid NTS does not have to commit investment to provide capacity for parties that may not be able to pay for it. SL stated the belief that more detail is required within the business rules as the current drafting is too subjective and he remains concerned that National Grid NTS can delay by a year. SR acknowledged this point and agreed to amend the business rules to add a definition of 'demonstration'.

There was some discussion on the words in the Proposal "to the reasonable satisfaction of National Grid NTS". On behalf of the Authority, AP confirmed that they were instances in the licence that relied upon the interpretation of the word "reasonable" and was not unduly concerned with its use in this context.

It was reiterated that if National Grid NTS did not go ahead with NTS reinforcement due to lack of demonstration by the User/developer then that party would be subject to charges in respect of the design and preparatory work conducted by National Grid NTS.

Considering 'Annual & Daily Allocation', and specifically page 9 of the draft proposal, SF asked if the last sentence in paragraph 2 of the 'Release of Annual NTS Exit (Flat) Capacity' could be removed. SR responded that whilst this was a straight extraction from 0116CVV, he would be happy to remove it as requested.

Moving on to page 10 and the 'Release of Daily Firm NTS Exit (Flat) Capacity', SF asked, and SR agreed to remove '*anticipated to be*' from paragraph 2 as this reflected the period where the licence requirements had not been finally determined.

Moving on to 'Transfers and Assignments' on pages 12 & 13 of the draft proposal, SF asked if the respective penultimate paragraph statements could be 'turned around' to make more sense, which SR agreed to do.

Looking at 'Exit Capacity Management', JB informed members, that references to flex had been removed. He agreed to check to see if 'non compliant gas' is retained within the business rules. (*Post meeting note it is included in the business rules*).

Considering 'Charges and Credit Arrangements', members discussed the advantages and disadvantages of including specific "failure to interrupt" charges rather than simply rely upon the overrun calculation. It was finally agreed that there would be no specific failure to interrupt charge and that the overrun charge would be based on a daily assessment, rather than the monthly assessment included previously in the draft proposal. RH wondered if whether or not, parties knowing they will incur an overrun charge. This was consistent with Modification Proposal 0116CVV. JB confirmed that the business rules included failure to interrupt charges but that they would be removed following the decision of the Review Group.

Members questioned whether or not the last bullet on slide 12 should really read as 'transfers and assignments'. SF agreed to check and update SR. RH questioned if the phrase '*any payments*' in the opening statement on page 19 of the draft proposal was correct. It was agreed that this was a correct reflection of the intention.

With respect to Section 8 on slide 13 of the presentation, JB advised members that the Offtake Arrangements Workstream had discussed Low Demand Days and he believed it should be retained as a concept.

Moving on to Section 9 on page 20 of the draft proposal, members discussed the merits of when data should be published on National Grid's web site. SF suggested that perhaps D+6 is a more appropriate time as it represents the point at which close-out occurs. RH pointed out that any data provided at D+1 for instance, would be indicative figures only, suggesting there is a balance to be found between early release and provision of accurate data. Following further discussions, SR agreed to amend the flex publication timings (in accordance with UNC modification 0121 provisions) to read as D+1 with a final version at D+6 commencing 01/10/08. SF asked members to consider what 'linepack' meant in this instance – does it mean 'flex zones' or 'linepack areas'. Members agreed that care will be needed in defining this but the approach of relying upon a methodology statement to define the areas themselves was appropriate.

MH reminded members that an xoserve Impact Assessment would be required to support the proposal at sometime in the future.

Chair (JB) pointed out to members that the Authority had previously stated that should 0166 be presented to them in time, it would consider it alongside the suite of 0116 modifications. As it stands, JB could not see any additional and significant UK Link system impacts over and above 0116 but MH felt unable to endorse this view before the impact assessment had been carried out.

Members then discussed whether or not the draft proposal was sufficiently developed for presentation to the December panel for their consideration. JB advised on the various options (routes) the proposal could take. RH stated that he believes a review of the business rules is required first. Summarising, JB asked, and members agreed, that the proposal should be presented to the December Panel with a recommendation to go to development (for a month) in the Transmission Workstream where the business rules could be finalised.

Chair (JB) asked, and members agreed, to close the action.

#### **Action RG0166/027: Closed**

### **2.2 Review Group Report (v0.2)**

Chair (JB) asked for feedback from the members before making the changes on screen. A summary of the changes follows:

- 3<sup>rd</sup> bullet on page 1 should mention linepack;
- Add an item covering areas reviewed, and
- Emphasise how interruptible arrangements would facilitate use of spare capacity.

### **3. AOB**

In closing, JB thanked all members for their participation in the Review Group's work, but especially SR for all his efforts on the proposal.

**ACTION LOG - Review Group 0166**

<b>Action Ref</b>	<b>Meeting Date</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
RG0166/006	04/10/07	2	(Wording of action amended 15/11/07) MW to consult on generic ARCAs (Shipper and DN).	National Grid NTS (MW)	Transferred to Transmission Workstream <b>Closed</b>
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)	Update provided. <b>Closed</b>
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	Completed <b>Closed</b>
RG0166/025	15/11/07	3.2	Bolt On Proposal: E.ON (PB) to provide revised Proposal reflecting the discussion.	E.ON (PB)	Completed <b>Closed</b>
RG0166/026	06/12/07	3.1	Flexibility: Distribute a map indicating zonal divisions.	Centrica (MY)	Completed <b>Closed</b>
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)	Completed <b>Closed</b>