

**Transmission Workgroup
Minutes
Thursday 01 September 2011
ELEXON, 350 Euston Road, London NW1 3AW**

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Andrew Fox	(AF)	National Grid NTS
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
David Corby	(DC)	National Grid NTS
Derek Jamieson	(DJ)	ESBI Investments
Dora Ianora	(DI)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Fiona Gowland*	(FG)	Total
Gerry Hoggan	(GH)	ScottishPower
Jeff Chandler	(JC)	SSE
Jill Brown	(JB)	RWE Npower
Lewis Hodgart	(LH)	Ofgem
Mark Cockayne	(MC)	Xoserve
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Richard Fairholme	(RF)	E.ON UK
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Steve Pownall	(SP)	National Grid NTS

**via teleconference*

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/010911.

TD welcomed attendees to the meeting.

1.1 Review of Minutes and Actions of Previous Meeting (04 August 2011)

1.1.1 Review of Minutes

The minutes of the meeting were accepted.

1.1.2 Review of Outstanding Actions

Action TR0801: Transporters to provide links to business plans for circulation or publication to the industry.

Update: None received to date. **Carried forward**

1.2 Review of Live Modifications not covered elsewhere on the agenda

The Modifications Register is available at: www.gasgovernance.co.uk/mods.

Of specific note were:

0352 – The consultation had closed and this would be considered at the September Panel meeting.

0363 and 0381 – Consultations open; closing date 12 September 2011.

0276 – No further update.

1.3 Industry Updates

LH reported on recent Ofgem activities:

- *'Glenmavis Liquefied Natural Gas Facility' Consultation* - The consultation on Glenmavis Liquefied Natural Gas facility' was published on 12 August 2011. The letter proposes additional funding to allow Scotia Gas Networks (SGN) to use Glenmavis for gas storage during the gas year 2011/12 in order to meet its obligations in respect of Scottish Independent Undertakings (SIUs). The letter indicates the modification to Special Licence Condition 26 of National Grid Gas' GT licence necessary to achieve this. The consultation also sets out Ofgem's view that in the period beyond 2011/12 it would be appropriate for SGN to develop an alternative solution to utilising Glenmavis. The consultation closes on 23 September 2011.
- *'Workshop on the Council of European Energy Regulators' (CEER) Gas Target Model' – Reminder*. The workshop will take place today (01 September 2011) at Millbank and will include a presentation of CEER's vision for a European Gas Target Model followed by break-out discussion groups.
- *TPCR4 rollover - Reminder* – The consultation closes on 12 September 2011. The consultation sets out Ofgem's initial proposals for the year 2012/13 on all elements of the price control for the three electricity transmission owners and the one gas transmission owner.
- *Proposed disposal of part of National Transmission System (NTS) for Carbon Capture and Storage* – A decision is due later in September.

1.4 European Developments

DC gave a brief presentation to update the Workgroup on European developments.

1.4.1 ACER Framework Guidelines on interoperability rules

A Scoping paper is still to be published. Rather than conduct a consultation process, ACER intend holding a workshop, during the week commencing 12 September 2011, to obtain stakeholder views.

1.4.2 Draft Vision of European Gas Target Model

The consultation deadline is 20 September 2011.

1.4.3 Preliminary Consultation Report on Cost Benefit Assessment of Gas Quality Harmonisation in the EU

The consultation deadline is 16 September 2011.

1.4.4 Capacity Allocation Mechanism (CAM)

Fifty-six responses were received to the consultation on the CAM draft EU code. ACER has now published its approved Framework Guidelines. National Grid NTS will assess the responses and any changes to the Framework Guidelines, and will provide a further update in October. The expectation is that the final EU code is to be published in January 2012.

AB asked if there was any update on mandatory cross-border bundled capacity products. FH responded that there was no update at present – it would be developed as the code goes in; the level of detail on whether it should be a soft or hard bundling had not yet been reached.

1.4.5 European Updates Timetable

A table was presented, illustrating the programme of updates to be given to the Transmission Workgroup over the next few months.

2. Modifications

2.1 0338 – Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence

DC reported that the modification had been revised in response to the previous feedback. The definition of Trader User had been revised and was explained. TD questioned the use of brackets in the related paragraph, and DC agreed that removal was likely to be required. The Workgroup were satisfied with the revised definition.

In respect of the User Pays element, DC advised that Xoserve had indicated that there may be minor implementation costs, and a ROM is in progress to further define what these might be. MC responded that it was his belief that there may be a cost that can be absorbed; there would be no additional cost, as a result of amending the process, to be borne by Users, and there were no additional costs associated with changing status. There would need to be an ACS change.

Referring to Ofgem’s SCR, DI indicated this was planned for autumn, and warned that the consultation on gas trading (and the opportunity for presenting views, eg the consideration of the placing of additional obligations on traders) may therefore be delayed.

The Workgroup approved the Report and recommended that:

- Modification 0338 be issued for consultation, with the proviso that the consultation should not close out before Ofgem’s associated consultation period on changes to licensing arrangements; and
- the Panel request the preparation of legal text and a cost estimate to accompany the Draft Modification Report.

3. Workgroups

The following individual Workgroup meetings took place:

3.1 0373 – Governance of NTS connection processes

Minutes for this meeting are at www.gasgovernance.co.uk/0373/010911.

3.2 0376/A – Increased choice when Applying for NTS Exit Capacity

Minutes for this meeting are at www.gasgovernance.co.uk/0376/010911.

3.3 0393 – Interruptible to Firm – NTS Supply Points Transition

Minutes for this meeting are at www.gasgovernance.co.uk/0393/010911.

4. Issues

4.1 Exit Capacity Release: User Commitment

AF outlined the background to the issue affecting Moffat Shippers (and potentially Shippers at any exit point with an initially low but subsequently increased indicative NTS Exit Capacity price) whereby, if a User decided that exit capacity was no longer required it was restricted as to when it could effect a reduction (ie after a minimum 14 months' notice).

Questioning whether the 14 month rule should be amended or reduced, AF sought the Workgroup's views, indicating that a response had already been submitted by Gaslink (published on the Joint Office website) in favour of taking action to address the issue.

CR questioned if the underlying principles/regime were being changed; was it being made specific to address this issue or more generic? FH responded that the User Commitment principles still applied but being able to reduce the 14 month rule could be beneficial and would reduce financial exposure. AF added that he would not encourage removing the 14 month rule entirely.

AF pointed out that this could happen at any exit point; CR gave an example and commented that the pricing model was becoming less stable and more sensitive to source/flow changes. PB commented that a User needed to know what they are committed to; a fixed commitment was preferable to a volatile model.

It was concluded that the consensus was for National Grid NTS to address the issue, and AF would welcome any further suggestions or comments before bringing a suggested way forward to a subsequent meeting.

5. Any Other Business

5.1 November Transmission Workgroup Meeting

TD advised that the Joint Office had received a request to consider re-planning the date of the November Transmission Workgroup meeting as it conflicted with the AEP Lunch event being held on the same day. (It was noted that this particular conflict of events had been occurring every November for some years.)

The views of the Workgroup were sought; there was no appetite to change the standing arrangements and it was agreed to leave the date as planned for Thursday 03 November 2011.

6. Diary Planning

Further details of planned meetings are available at: www.gasgovernance.co.uk/Diary

The next Transmission Workgroup meetings are scheduled as follows:

10:00 06 October 2011, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 03 November 2011, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 01 December 2011, at ELEXON, 350 Euston Road, London NW1 3AW

Action Log – UNC Transmission Workgroup: 01 September 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 0801	04/08/11	1.3	Provide links to business plans for circulation or publication to the industry.	Transporters (All)	Carried forward