

Transmission Workgroup Minutes

Thursday 02 May 2013

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Antony Miller	(AM)	Centrica Storage
Charles Ruffell	(CR)	RWE Npower
Chris Hill	(CH)	Cornwall Energy
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Erika Melen	(EM)	Scotia Gas Networks
Ewan Thorburn	(ET)	Ofgem
Gerry Hoggan	(GH)	ScottishPower
James Thomson	(JT)	Ofgem
Jeff Chandler	(JC)	SSE
Joel Martin	(JM)	Scotia Gas Networks
Julie Cox	(JCx)	Energy UK
Lisa Martin	(LM)	Ofgem
Mark Dalton	(MD)	BG Group
Mark Freeman	(MF)	National Grid Distribution
Matthew Hatch	(MH)	National Grid NTS
Mike Wassell	(MW)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Rhys Ashman	(RA)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Lea	(RL)	Gazprom
Sean McGoldrick	(SM)	National Grid NTS
Shelley Rouse	(SR)	Statoil
Steve Pownall	(SP)	National Grid NTS

Copies of all papers are available at www.gasgovernance.co.uk/tx/020513

1. Introduction and Status Review

TD welcomed all to the meeting.

1.1 Review of Minutes and Actions

1.1.1 Minutes (04 April 2013)

National Grid NTS requested that the following amendments be made:

Page 9, Section 3.2 - paragraph 3: “RG pointed out that moving everything by an hour ~~will not work~~ may not be the optimum solution – it is a physical regime and some items may have to remain in situ/unchanged and be worked around. There are other process changes under consideration, eg the provision of certain data that might have to be requested earlier, with a consequential outward ripple effect; the availability of Gemini/outages/processes run at 06:00, renominations, etc; ~~it is better to start the Gas Day with all systems available.~~ There was a general view expressed that the community would want this system available for renominations from the start of the gas day, but that this was something for wider discussion.”

These changes were accepted and the minutes amended and republished.

1.1.2 Actions

Actions **TR0103**, **TR0204**, **TR0205** and **TR0206** have been transferred to Workgroup 0452.

TR1101: *Long term non-firm capacity:* Draft a new modification.

Update: RA gave a brief presentation, recapping on the background and the two potential options that had since been taken forward for internal consideration. Following investigation of system impacts and potential costs, National Grid NTS had decided to propose Option B (Non-obligated Firm Entry/Exit Capacity with associated Buyback Option for the same quantity) as this has the lowest implementation cost. The costs associated with testing would be between £10k - £50k, and a 50:50 Transporter:User split is proposed for recovery.

The likelihood of constraint was discussed and NW indicated he would expect a substantial discount for an interruptible product. JCx added that when this topic had been considered (September), her perception was that the Workgroup favoured more discussion of the options before deciding on a preference. Price elements were briefly discussed and it was suggested that closer consideration should be given to what could be done under the current functionality. TD suggested that National Grid NTS might usefully provide a breakdown of the costs from Xoserve.

RA then outlined the key elements of the draft modification. The original intention had been to submit this modification to the May UNC Modification Panel, but in light of today's discussions, RA will discuss pricing elements internally and submission might therefore be delayed by a month. **Carried forward**

TR0401: *EU Developments - Bacton Split:* Ofgem to provide a view.

Update: LM reported that this was under consideration; no view was available at present. **Carried forward**

1.2 Review of Live Modifications not covered elsewhere on the agenda

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

0276 – Status remains unchanged.

0376S – Implementation for June 2013 is being progressed with Xoserve; implementation date to be confirmed by National Grid NTS.

0435 – On hold pending further industry developments.

0439 – Panel to consider Final Modification Report 16 May 2013.

0446S – Implemented on 16 April 2013.

0447S - Panel to consider Final Modification Report 16 May 2013.

0449 – The next Workgroup meeting is to be held at 10:30 on Friday 10 May 2013 (Solihull).

1.3 Ofgem Update

JT provided a general industry update:

- ***Modifications to the special conditions of the gas transporter licence.*** This consultation seeks views on modifications to the special conditions of NGG's gas transporter licence required to add a new exit point to the licence and to clarify changes made at RIIO-T1. The consultation is open for responses until 21 May 2013. A copy of the

document can be found at the following location on the Ofgem website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=512&refer=Networks/Trans/PriceControls/RIIO-T1/ConRes>

- **Uniform Network Code (UNC) UNC430 – Inclusion of data items relevant to smart metering into existing industry systems.** The decision letter amends the UNC to facilitate the capture and sharing of data necessary for the installation of smart meters. A copy of the decision letter can be found at the following location on the Ofgem website: <http://www.ofgem.gov.uk/Licensing/GasCodes/UNC/Mods/Pages/Modspage.aspx>
- **Consultation on implementing new funding, governance and ownership arrangements for Xoserve, the gas transporter agent.** The consultation seeks views on proposed changes to Xoserve's funding, governance and ownership arrangements to improve customer engagement. The consultation is open for responses until 26 June 2013. A copy of the consultation paper can be found at the following location on the Ofgem website: <http://www.ofgem.gov.uk/Networks/GasDistr/RIIO-GD1/ConRes/Pages/ConRes.aspx>

European Issues Update Table

Workstream	Status
<i>Capacity Allocation</i>	Member States approved the CAM Framework Guidelines at a meeting on the 15 April 2013. This will be published in the Official Journal after final EU processes are complete. It will be implemented no later than November 2015.
<i>Tariffs</i>	<p>ACER was to submit Framework Guidelines to Commission before 31 March 2013. However, the Commission had some comments, particularly on the cost allocation section, which required further work.</p> <p>ACER is now working on the cost allocation section text and will consult on it during the summer. ACER aims to finalise Framework Guidelines by the end of 2013.</p>
<i>Congestion Management</i>	<p>Ofgem issued an Open Letter in early March. The two continental interconnectors (IUK and BBL) are to consult shortly, and Ofgem is currently holding discussions with both about making the necessary changes to their access rules in order to comply with the CMP Guidelines.</p> <p>NGG proposed a Uniform Network Code modification in March, covering the changes necessary to bring the current regimes into compliance with the CMP Guidelines. Changes will also be required at Moffat, where the GB and Irish/Northern Irish systems connect. We are currently holding implementation discussions with the relevant National Regulatory Authorities.</p> <p>Three of the four CMPs (oversubscription and buy-back, surrender, long-term use it or lose it) must be implemented by 1 October 2013. The fourth (day-ahead use it or lose it) must be implemented by 1 July 2016 if oversubscription and buy-back is proving ineffective.</p>

<i>Gas Balancing</i>	<p>ACER has recommended adoption of the network code. They are seeking early implementation which the Dutch regulator is leading on.</p> <p>The Commission are holding a pre-comitology meeting with Member States in late May with the aim of holding a vote at first comitology meeting in July.</p>
<i>Interoperability</i>	<p>ENTSOG published a consultation on the draft Interoperability Network Code in February 2013. They also held a workshop on 20 March 2013 to get feedback on the Network Code.</p> <p>Interested parties had until 26 April 2013 to respond with comments. ENTSOG must submit final Network Code to ACER by 11 September 2013.</p>
<i>Incremental Capacity</i>	<p>French co-chair of CEER GIF TF presented an update at the Madrid Forum in April 2013. A draft of the 'Blueprint' has been submitted to the GWG for approval with publication expected in mid to late May 2013.</p> <p>Following the publication of the Blueprint, CEER and ACER will hold a joint public workshop on 3 June 2013 in Brussels. Further work on selecting from the different procedural options is expected before translating the Blueprint into binding rules, possibly as amendment to CAM Network Code.</p>

1.3.1 Gas European Network Code Implementation

LM (for Ofgem) gave a presentation on the progress of certain European developments, adding that most of the information covered had also been presented to the DECC meeting held the previous week.

CMP - Referring to recently raised Modification 0449, LM advised that IUK had commenced consultation on how it is going to implement CMP. IUK was likely to set a strong precedent across Europe, and LM encouraged the Workgroup participants to contact Ofgem with any issues/concerns for discussion. BBL's discussions were continuing and it was expected to consult in the near future. Trilateral discussions were continuing with Ireland.

Change to Gas Day consultation - LM thanked parties for their participation and provided a brief summary of responses. Respondents had consistently highlighted a number of points including preference for a coordinated approach, early consultation on how to address implementation and an early decision on a fixed implementation date. Parties also pointed out the importance of not underestimating the scale and magnitude of the task, and that it should be recognised that this change will have impacts all the way along the chain from offshore to customer meter, with not all parties operating under Ofgem's jurisdiction. Ofgem had noted these concerns and will be speaking to DECC to formulate a coordinated approach across all parties from offshore to customer meter. LM will return to the June Workgroup to give an update and explain how this will be taken forward.

Action TR0501: *Change to Gas Day* – Formulate a coordinated approach across all parties from offshore to customer meter and report on process/progress to keep Workgroup informed.

CAM Requirements – Bacton’s position was being considered internally. Ofgem will be exploring further with National Grid NTS, and formulating views to be brought to the next meeting on appropriate options and timeframes relating to the various categories of capacity. It was recognised that CAM issues could not be considered in isolation. The key issues for GB were highlighted together with the shared issues/dialogues with other EU Parties. A focused and co-ordinated approach to Interconnection points will be taken with all parties involved and meetings/workgroups (fully inclusive) will be set up to devise a workable regime with an agreed set of rules that may have to be implemented through various documents/processes.

1.4 European Developments

National Grid NTS presented on the following areas.

1.4.1 EU Balancing Code – NTS Impact Assessment

CS gave an update on the position, explained the ‘traffic light system’ (red, amber, green) used to prioritise the identified impacts, and proceeded to work through a high level overview of the Chapters directing attention to the identified impact, the priority, and the action(s) required. Major impacts were identified relating to Chapters 3, 5, 9 and 11.

Chapter 1: General Provisions - There was still some ambiguity on implementation dates – November 2015 might be quite likely.

Chapter 3: Cross-border cooperation – This will be a major piece of work going forwards once the code is in and settled.

Chapter 4: Operational Balancing – Short Term Standardised Products – There were likely to be minor costs associated with reporting and these were being assessed.

Chapter 5: Nominations – This was a particularly complex area and the EU codes were being assessed holistically to understand the interactions. Various examples were illustrated. Questions were asked relating to costs. Some had been factored in to the Price Control, but the full picture was still emerging and there may be potential for a re-opener. Asked if End-to-End process discussions would include stakeholders, CS responded that National Grid NTS would share how the process might work once some of the policy decisions had been finalised. JCx reiterated her concerns that there was scope for a number of differing perceptions, understanding and interpretations in these areas, and involvement in early discussions would hopefully avoid any misconceptions and potential waste of work and time. Referring to the examples illustrated CS observed there might be more complex scenarios depending on policy decisions. It was noted that ENTSOG was carrying out a Business Rules Specification exercise; this might prove helpful in reaching an appropriate process/position.

Chapter 7: Within Day Obligations – JCx asked what process Ofgem was going through to decide on these issues. CS said that National Grid NTS was going to clarify its perception of the issues, and set these out in a letter to Ofgem seeking the Authority’s views. JCx would like to see a draft of this letter so that it could be commented on if appropriate.

Chapter 9: Information Provision – This was under discussion with Xoserve and may change substantially going forward as a result of NEXUS UNC modifications (eg 0453); National Grid NTS will work closely with modification proposers to establish if further modifications might need consideration.

Chapter 11: Final Provisions – Implementation Timeline – National Grid NTS will seek approval for an additional 12 months. It was acknowledged that even 24 months would be a challenging timeline for implementation on this scale, given the other industry changes already in progression. Anything capable of earlier implementation will be implemented at the earliest

appropriate time.

1.4.2 EU CAM Network Code Update and CMP Update

CMP Code – Implementation date: 01 October 2013

CAM Code – Implementation date: 01 November 2015

Capacity Allocation Mechanism

Member States approved the CAM Network Code; the implementation period has been increased to 27 months giving an implementation deadline of 01 November 2015. MH drew attention to the changes made under Comitology.

CAM – Bacton ASEP

Introduction of new Bundled products may potentially result in the splitting of the ASEP and changes to the Licence, and any changes will have to be aligned to the CAM start date. Given the degree of complexity and potential wider interactions it was recognised that significant discussion and consultation would be required to address this.

Initial views to generate Workgroup discussion/thinking on potential options for splitting Bacton ASEP were outlined (from a Baseline perspective and from a Holdings perspective). Other suggestions would be welcomed. Referring to the Baseline perspective, JCx suggested using future bookings.

Congestion Management Procedures

Workgroup 0449 is assessing and developing the modification.

1.4.3 European Updates Timetable

A Gas Codes timeline was provided for information, together with a Table indicating the current status of each Code and its fixed/estimated implementation date.

Tariff Framework Guidelines have been extended to Q4 2013.

Incremental Capacity – this may take shape as an annex to CAM, or a separate code, or a best practice document.

EU Updates Programme

The programme of updates to be given to the Transmission Workgroup over the next few months is detailed below:

Topic	Workgroup Date
<ul style="list-style-type: none"> Balancing Code - Comitology Position (to enable an understanding of National Grid NTS' views on any potential changes (if any) required to the EU code Interoperability Code – key outcomes of the public consultation 	06 June 2013
<ul style="list-style-type: none"> To be confirmed 	04 July 2013

1.4.4 General Observations

Any developments, concerns, and options will be brought to the attention of the industry and the Workgroup for discussion and the seeking of views. Conversely, if the Workgroup has any concerns or views, National Grid NTS would welcome these.

2. Workgroups

The following Workgroup meetings took place:

2.1 0448 – Aligning UNC with Licence Conditions relating to European legislative change and Fast track self-governance

Minutes for this meeting are at: www.gasgovernance.co.uk/0448/020513

2.2 0452 – Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)

Minutes for this meeting are at: www.gasgovernance.co.uk/0452/020513

3. Issues

3.1 Aligning the connections and capacity processes

The Workgroup agreed that this issue should be closed.

3.2 Changing the Gas Day

Awaiting developments; no further update.

3.3 Gas Security of Supply Significant Code Review (SCR) Proposals: Credit Implications for the GB Gas Market

Awaiting developments; no further update.

3.4 New Issues

None raised.

4. Any Other Business

4.1 Gemini Replatforming Project

CW drew attention to concerns regarding the outage timings planned for 08/09 June 2013 (commencing at 01:00). Demand attribution is run at midnight, which leaves a very tight window offering extremely limited opportunity for parties to correct their positions. Could it be delayed until later in the gas Day, or could Scheduling Charges be suspended on these sorts of arrangements? There was concern at the exposure of parties to a number of financial risks. CW indicated that he had raised these concerns with Xoserve and National Grid NTS and encouraged other Shippers to look at their positions. SM noted CW's concerns and suggestions and will pursue with the Xoserve project team to see what can be done to mitigate any exposures.

Action TR0502: *Gemini Replatforming Project* – National Grid NTS to raise Shippers' concerns with the Xoserve project team and consider appropriate ways to alleviate/mitigate potential financial exposures of Shippers in relation to planned outage.

5. Diary Planning

The next Transmission Workgroup will take place at 10:30, on Thursday 06 June 2013, at ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

The following Transmission Workgroup meetings are scheduled for 2013:

Date	Time	Location
Thursday 06 June 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 04 July 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 01 August 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 September 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 03 October 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 07 November 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 December 2013	10:30	Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR

Action Log – UNC Transmission Workgroup: 02 May 2013

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR1101	01/11/12	3.1.1	<i>Long term non-firm capacity:</i> Draft a new modification.	National Grid NTS (MW)	Carried forward
TR0103	31/01/13	3.1.3	<i>PARCA – Demonstration Information:</i> Shippers to consider what demonstration information is required and how it might be validated.	All Shippers (JCx to coordinate Shipper response)	Transferred to Workgroup 0452
TR0204	27/02/13	2.1.1	<i>PARCA - National Grid NTS</i> to confirm the rules around how flow rates link back to exit capacity.	National Grid NTS (SP/MW)	Transferred to Workgroup 0452
TR0205	27/02/13	2.1.2	<i>PARCA - National Grid NTS</i> to consider how incentives work where capacity is already available.	National Grid NTS (SP/MW)	Transferred to Workgroup 0452
TR0206	27/02/13	2.1.2	<i>PARCA - National Grid NTS</i> to consider the incentive trigger points, at what point does the measure get set and how National Grid earns the incentive.	National Grid NTS (SP/MW)	Transferred to Workgroup 0452
TR0401	04/04/13	1.4.4	<i>EU Developments - Bacton Split:</i> Ofgem to provide a view.	Ofgem (CP)	Carried forward
TR0501	02/05/13	1.3.1	<i>Change to Gas Day –</i> Formulate a co-ordinated approach across all parties from offshore to customer meter and report on process/progress to keep Workgroup informed.	Ofgem (LM)	Pending
TR0502	02/05/13	4.1	<i>Gemini Replatforming Project –</i> National Grid NTS to raise Shippers' concerns with the Xoserve project team and to consider ways to alleviate/mitigate potential financial	National Grid NTS (SM)	Pending

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			exposures of Shippers in relation to planned outage.		