

**Transmission Workgroup
Minutes
Thursday 02 June 2011
ELEXON, 350 Euston Road, London NW1 3AW**

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Amrik Bal	(AB)	Shell
Antonio Ciavoletta	(AC)	BP Gas
Catherine Fay	(CF)	Total
Charles Ruffell	(CR)	RWE npower
Colin Thomson	(CT)	Scotia Gas Networks
Dave Corby	(DC)	National Grid NTS
Derek Jamieson	(DJ)	ESBI
Fergus Healy	(FH)	National Grid NTS
Jacopo Vignola	(JV)	Centrica Storage
Jill Brown	(JB)	RWE npower
Lewis Hodgart	(LH)	Ofgem
Mike Thorne	(MT)	National Grid NTS
Mike Wassell	(MW)	National Grid NTS
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Paul Mott	(PM)	EDF Energy
Phil Broom	(PB)	GDF Suez
Richard Fairholme	(RF)	E.ON UK
Sarah Lloyd	(SL)	National Grid NTS
Steve Pownall	(SP)	National Grid NTS

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/020611.

TD welcomed attendees to the meeting.

1.1 Review of Minutes of Previous Meeting (05 May 2011)

The minutes of the meeting were accepted.

1.2 Review of Outstanding Actions

TR0301: UNC0338 – Consider putting all changes/requirements associated with removal of the licence requirement from Traders into a separate UNC section, revise the modification and provide legal text together with explanatory commentary.

Update: DC reported that National Grid had concluded that it would not be appropriate to create a new UNC section. Suggested text using the proposed approach had been published. **Closed**

1.3 Review of Live Modifications not covered elsewhere on the agenda

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

TD gave an update on the status of live modifications. FH advised that provision of legal text for Modification 0349 is ongoing, with any further comments from the proposer awaited.

1.4 Industry Updates

LH reported on recent Ofgem activities:

- Project TransmiT – approach to electricity transmission charging work – published on 27 May alongside final reports from each of the four academic teams. Consultation closes on 24 June. Contact Anthony Mungall.
- Transmission Price Control Review (TPCR4) roll-over policy update and initial analysis of business plans – consultation closed on 13 May 2011 – next publication, Initial Proposals, scheduled for publication in August.
- Fleetwood Entry Point: Income Adjusting Event for NGG NTS: published a letter addressed to Centrica on 6 May informing them (and industry) that having considered the legal arguments carefully, Ofgem have concluded that the circumstances in this instance do not satisfy the criteria for an IAE.
- Statutory Section 23 notice of proposed modification to NGG’s Gas Transporter Licence - revenue drivers at Tonna (Baglan Bay) and Pembroke (Phase 2) – 19 May, consultation closes on 16 June. The consultation proposes new revenue drivers (Tonna and Pembroke Phase 2), updates existing revenue drivers and adds new exit points to the Gas Transporter Licence. Following the modification the changes to the exit points will be included in NGG’s July exit capacity application window. Early consultation responses would be appreciated.
- Authority’s approval of “relevant points” of a transmission system for the purposes of Article 18(4) Gas Regulation (EC) No 715/2009 and consultation questions on additional technical capacity information published by National Grid – 6 May 2011, consultation on technical capacity closes on 17 June. Ofgem would welcome stakeholder views on whether they are satisfied that the additional information published by National Grid in March 2011 on technical capacity meets the requirement under Amended paragraph 3.3 (1)(a) of Gas Regulation (EC) No 715/2009.
- Decision letter approving NGG’s 2011 ExCR methodology statement – published 27 May 2011.

2. UNC Modifications

2.1 Modification 0338: “Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence”

DC provided an update on the latest version of the modification and the recent amendments. He explained that, rather than create a new trader only section of the UNC, the suggested text instead identifies the class of user to which each obligation applies. This follows the precedent established at the time of network sales, when the category of DNO User was established. DC advised that he had not received any feedback to date but would welcome comments on the modification and associated legal text.

AB asked if, for example, Shell would need two licences to meet the proposed requirements and the related proposals to introduce a European passport to facilitate trading. DC confirmed that a Shipper User (and associated Shipper Licence) is sufficient for all UNC purposes. National grid NTS had concluded that the proposed change is desirable irrespective of the development of a passport. If the passport proposal comes to fruition, that will need to be considered at the time. AB regarded the promulgation of consecutive changes inefficient and undesirable, and suggested there was a need to understand the impacts being driven through European changes.

NW asked if Ofgem had considered the timing of this modification and Ofgem's associated consultation on changes to licencing. LH confirmed that Ofgem intend to consult during July and, therefore, there should be no possibility of the modification progressing prior to the Ofgem consultation concluding. AB added that his view of the new European legislation is that parties will need two licences, one for trading in Europe and a domestic Shipper licence, and urged Ofgem to address this duplication.

DC invited comments on the modification. TD sought clarity on where the legal text implements the proposals to allow entities to become a signatory to the UNC without having to first acquire a Shipper licence, and to require entities to hold the relevant licence. DC explained V2. In his opinion it does not require an entity to hold a shipper licence if it is solely a trader.

There was a debate around the requirements of section V and whether a Shipper licence is required either currently or through the modification, though no consensus was achieved. DC confirmed a party requires a licence for the type of role it is undertaking and that this needed to be explicit within the drafting.

Turning to the relevant objectives, TD asked if the modification improves the current situation. NW considered the changes would make parties more clearly aware of their particular obligations, providing a marginal improvement in competition. AB disagreed with the proposer's suggestion that implementation would facilitate efficient administration of the UNC.

SP questioned whether there is an impact on FSA obligations – the Shipper licence supports traders with respect to FSA obligations and an equivalent protection may be needed. There was general agreement that Ofgem's policy change and the modification should not be finalised until this has been clarified. It was suggested that Ofgem might usefully clarify whether, and how, traders would continue to benefit from FSA exemption.

TD advised that, based on the discussion, he would aim to provide a draft Workgroup Report for approval at the next meeting. However, this was dependent on receiving a finalised modification and the associated legal text in time to support this.

Action TR 0601: National Grid NTS (DC) to provide an amended Modification 0338 in time for preparation of a Workgroup Report for discussion on 07 July.

2.2 Modification 0352: “The Introduction of an Interruptible Reverse Flow service at Moffatt Interconnector”

MW advised that it is National Grid NTS intention to provide an amended modification, including legal text, for discussion at the next meeting. Finalisation of this would be made following agreements with the regulators (Ofgem and Ireland). The aim is to implement the modification by 01 October 2011.

TD indicated that this was not achievable within the standard modification process timelines. AB was concerned by this - the intention was for the arrangements to be implemented in time for this winter. MW agreed to review the timeline.

Action TR 0602: National Grid NTS (MW) to provide a timeline to achieve implementation of 0353 by 01 October 2011.

Action TR 0603: National Grid NTS (MW) to provide an amended Modification 0353 in time for preparation of a Workgroup Report for discussion on 07 July.

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/0373/020611.

3.2 0376 – Increased choice when Applying for NTS Exit Capacity

Minutes for this meeting are at www.gasgovernance.co.uk/0376/020611.

3.3 0381 – Removal of the NTS Exit (Flat) Capacity “deemed application” process

Minutes for this meeting are at www.gasgovernance.co.uk/0381/020611.

4. Issues

None raised.

5. Any Other Business

5.1 SO Incentive schemes

MW advised that five incentive schemes are due to expire during 2012. A rollover of some or all of the incentive schemes has been discussed with Ofgem. He provided a view of the proposed consultation process and meeting dates, with the aim of concluding the process by October 2011.

RF asked the difference between the initial consultation and the initial proposals consultation? MW advised the aim of the initial consultation was to seek early views and topics of discussion for the workshops so that responses can be provided during the meetings. He advised that meetings are being planned to cause the least disruption to the existing meeting schedules.

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 07 July 2011, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 04 August 2011, at ELEXON, 350 Euston Road, London NW1 3AW

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

Action Log – UNC Transmission Workgroup: 02 June 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 0301	03/03/11	2.2	UNC0338 – Consider putting all changes/requirements associated with removal of the licence requirement from Traders into a separate UNC section, revise the modification and provide appropriate legal text together with explanatory commentary.	National Grid NTS (DC)	Closed
TR 0601	02/06/11	2.1	Provide an amended Modification 0338 in time for preparation of a Workgroup Report for discussion on 07 July	National Grid NTS (DC)	Pending
TR 0602	02/06/11	2.2	Provide a timeline to achieve implementation of 0352 by 01 October 2011.	National Grid NTS (MW)	Pending
TR 0603	02/06/11	2.2	Provide an amended Modification 0352 in time for preparation of a Workgroup Report for discussion on 07 July	National Grid NTS (MW)	Pending