

Transmission Workgroup Minutes
Thursday 03 November 2011
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Fox	(AF)	National Grid NTS
Charles Ruffell	(CR)	RWE npower
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Colin Thomson	(CT)	Scotia Gas Networks
Erika Melen	(EM)	Scotia Gas Networks
Fiona Gowland*	(FG)	Total
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage
Konrad Keyserlingk	(KK)	Ofgem
Mark Lyndon	(ML)	National Grid NTS
Natasha Ranatunga	(NR)	Ofgem
Paul Mott	(PM)	EDF Energy
Rekha Theaker	(RT)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK

* via teleconference

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/031111.

TD welcomed attendees to the meeting.

1.1 Review of Minutes and Actions of Previous Meetings (06 and 11 October 2011)

1.1.1 Minutes

The minutes of the meetings were accepted.

1.1.2 Actions

Action TRI005: Issues Workgroup – Review of GBAs: National Grid NTS to devise an alternative method for Within Day.

Update: Update due at December Workgroup. **Carried forward**

1.2 Review of Live Modifications not covered elsewhere on the agenda

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

Of specific note were:

0381 – This Self-Governance modification will be implemented on 14 November 2011, assuming no appeal is raised in the meantime.

0376 and 0376A – Awaiting preparation of legal text before representations are invited.

0363V – Consultation ends on Friday 04 November 2011.

0338 – Panel has deferred consideration to create the opportunity to align the consultation period with Ofgem’s related consultation.

0276 – Implementation date still on hold; no further update from National Grid NTS.

1.3 Industry Updates

NR reported on recent Ofgem activities:

- *‘Initial assessment of RIIO-T1 business plans and proportionate treatment’ published on 24 October 2011.* The letter summarises Ofgem’s assessment of the four transmission companies’ business plans for the next price control period, RIIO-T1. In light of that assessment, it also sets out which companies Ofgem is retaining in the “fast track” process at this stage. Consultation closes on 21 November 2011.
- *‘TPCR4 rollover Draft licence conditions – Informal consultation’ published on 21 October 2011.* The consultation gives stakeholders an early opportunity to comment on the changes Ofgem considers necessary to implement the TPCR4 rollover policy. Consultation closes on 18 November 2011.
- *‘Transmission Price Control Review (TPCR4) rollover supplementary consultation’ published on 07 October 2011.* Consultation on the following elements of the price control before publishing Ofgem’s final proposals: Funding for SO expenditure associated with offshore; pre-construction funding allowance; treatment of costs associated with quarry and loss development. Consultation closed on 28 October 2011.
- *‘Notice of modification of National Grid Gas’ GT licence published on 27 October 2011.* Modification adds a new exit point – ‘Hilltop Farm (Hole House Farm)’ – to National Grid Gas’ licence.
- *‘Gas Entry Capacity Substitution Methodology Statement Approval Letter 2011’ published on 12 October 2011.*
- *‘Project TransmiT: invitation to stakeholder event - progress update’ letter (published on 14 October 2011) notifying stakeholders that Ofgem is holding an open event on 17 November 2011 to be held in Glasgow on the progress of Ofgem’s work on transmission charging options under Project TransmiT. Places are currently fully booked.*
- *‘Project TransmiT: Initial Report of the Technical Working Group’ published on 6 October 2011.* The report provides a summary of the relevant discussions of the technical working group established by Ofgem to support the development of the technical detail of potential options for TNUoS changes to be taken forward into economic modelling.

1.4 European Developments

1.4.1 Gas Balancing Framework Guideline (FG)

KK (Ofgem) gave a presentation updating the Workgroup on the current position and the next steps (ENTSOG consultation on project plan, European Commission to initiate Network Code development process, and comitology).

The European Network Code was to be a new legislative tool to define the principles of the internal market; it will override any national legislation and will be legally binding. The UNC will have to be adjusted to align with this. ENTSOG must turn the Framework Guideline into a Network Code. The aims were to facilitate a single market and develop a liquid traded market, suitable for all parts of Europe.

Attention was drawn to the various problems identified, which contributed to TSOs doing most of the balancing instead of the market. To address these the key elements of the Framework Guideline (FG) had been established:

- Network users to balance their portfolio, thereby reducing the role for TSOs
- TSO to procure balancing services on the wholesale market as far as possible
- Harmonised daily balancing period as far as possible
- Information provision, as much as is cost-effective.

The rules apply to the NBP as well as the EU, and the GB industry and Regulator must ensure that they do not have an adverse impact on the GB market. The GB balancing day is different to the EU and must be adjusted, but this may have a number of impacts.

KK observed that about 25% of the consultation responses came from GB and this was very encouraging; there is a strong GB voice and ACER's position takes account of and reflects this. KK encouraged parties to become more closely engaged and involved with the ENTSOG process so that GB's position is well understood. There was a risk that rules would be designed to fix problems elsewhere in Europe that could actually have a detrimental effect on GB, and this needs to be avoided.

Responding to a question from FG, KK confirmed that the ENTSOG consultation was published on Tuesday (www.entsog.eu/publications/index.html).

1.4.2 European Gas Balancing Code Development Project

Advising that the consultation process launched this week, CS gave a presentation on the challenge of producing a network code in 12 months and the process that was being undertaken to achieve this in the tight timescale. National Grid had responded to and supports the Framework Guideline, but the challenge will be to accommodate the detail. Twelve months is allowed to implement the code from the date it is adopted into UK law. The project may therefore last 3-4 years before reaching implementation.

GB currently has a balancing regime which fits reasonably well with the proposals, but engagement and vigilance will be required to ensure that the detail does not put GB at risk and that there are no surprises at the end of the process. Different concepts were under discussion, and all codes had to be in place by 2014. Balancing was one of 4 main codes, and there could be 12

altogether. More stakeholder involvement would help to clarify/improve the level of detail and reduce risk.

The three phases in ENTSOG's network code development were illustrated and explained. TD asked, what was ENTSOG's decision-making process to check what to put forward? CS explained there were different 'kernel' groups developing each part of the code, which would then be critiqued by the TSOs. Key documents go to ENTSOG's Board for approval. Stakeholder views are required at every stage in the process. GB may only have one or two years to address and implement proposals because it is further ahead than most EU TSOs.

CS will keep the Workgroup updated with any impacts so that they can be clarified and assessed; small changes can have very big impacts (such as changing the start of the gas day to 0500) and these would need to be identified and tackled as early as possible.

1.4.3 Moffat Physical Reverse Flow Market (PRF) Consultation

CS reported that National Grid and Gaslink received 3 responses (two from Shippers, one from a project developer) to the consultation that ended on 30 September 2011. These broadly concurred with the findings within the consultation, that there is not a requirement for physical reverse flow from Ireland in the time frame proposed in the consultation.

It was reiterated that the existing process for signalling new NTS Entry capacity was via the long term QSEC auction.

All responses to the consultation have now been submitted to the regulators, and as there was no market demand for physical reverse flow at Moffat, National Grid and Gaslink will now complete the next stage of the process, which entails the assessment of the costs and the potential benefits from a Security of Supply perspective. The regulators have requested that the review and a draft request for PRF/an exemption is submitted by 31 December 2011, and CS expects to request an exemption.

1.4.4 European Transparency Update

Harmonisation of Maintenance Publication

CS explained that there is an ENTSOG initiative for a common approach (to improve transparency and market integration), by all TSOs, to maintenance publication at interconnection points (IPs). This will provide a consistent and harmonised publication procedure for all planned interventions on the transmission networks, and will include details of the IPs affected, any impact on available capacity, the nature of the maintenance, and its duration. It should be published by 15 November each year and National Grid intends to publish it this November using the common format. It was noted that a form of common template was still subject to further consultation; this may be included in a European interoperability network code. A link was provided for further information: <http://tinyurl.com/5uqprl9>

ENTSOG 5th Transparency Workshop

This will take place on 23 November 2011 in Brussels. Topics to be covered will include the current status of transparency implementation, the future progress of ENTSOG Transparency Platform, and feedback on the harmonised publication of maintenance information.

GRI NW – 9th Stakeholder Group Meeting

This will take place on 24/25 November 2011 in Rotterdam. Topics to be covered will include the report of TSO compliance to the Transparency Requirements.

1.4.5 Capacity – Re-consultation

Attention was drawn to National Grid NTS’ intention to re-consult on a number of capacity aspects where a clear market response to the original consultation was not evident.

CS encouraged GB Users to respond to the consultation, as this will be the final opportunity to support GB arrangements, as opposed to alternative proposals from Europe. If GB Shippers wish to discuss this further they are asked to contact Matt Hatch (National Grid NTS) at: matthew.hatch@uk.ngrid.com

The document is published at:

<http://www.gie.eu.com/adminmod/show.asp?wat=111024> CAP0193-11 Draft CAM NC - Further consultation on concepts final_.pdf

1.4.6 European Updates Timetable

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

Topic	Workgroup Date
Regional Investment Plan Update	01 December 2011
To be confirmed	05 January 2012
To be confirmed	02 February 2012

At the end of the presentations on EU developments, KK asked for suggestions on any items that the Workgroup believed should be discussed in more depth in GB, and which perhaps have not been identified. These could be brought forward so that they could be debated.

CS indicated that feedback would also be welcomed on the EU updates that National Grid NTS had been providing over the last few months, eg was it the right level, was more/less detail required, etc., and those present indicated they were satisfied with what had been provided so far.

2. Workgroups

The following individual Workgroup meetings took place:

2.1 0393 – Interruptible to Firm - NTS Supply Points Transition

Minutes for this meeting are at www.gasgovernance.co.uk/0393/031111.

2.2 0373 – Governance of NTS connection processes

Minutes for this meeting are at www.gasgovernance.co.uk/0373/031111.

3. Issues

3.1 Review of System Alerts - Update

A draft modification will be presented at the December Workgroup.

3.2 Review of Safety Monitors – Update

A draft modification will be presented at the December Workgroup.

3.3 Communications - Force Majeure and Emergency

No further update.

3.4 New Issues

None raised.

4. Any Other Business

4.1 Annual Review - Methodology Statements

National Grid is required to review the ExCR and ExCS methodologies each year and the annual review of these methodologies will commence in November 2011. Any issues with the methodologies, which may require review and revision to the statement(s), should be notified by 24 November 2011 be sent via email to mark.j.lyndon@uk.ngrid.com

ExCR Methodology Statement

Formal consultation on any proposed changes to the ExCR Methodology Statement will begin around February 2012.

It was noted that one substantive issue was raised previously (as part of ExCR consultation in February 2011 and also at September's Transmission Workgroup), relating to whether a User should be able to reduce its enduring capacity allocation if the User Commitment Amount is satisfied within the minimum User Commitment duration (14 months). This could arise where actual Exit Capacity prices are significantly higher than the indicative price.

National Grid is currently working on a proposal to address this issue.

ExCS Methodology Statement

Formal consultation on any proposed changes to the ExCS Methodology Statement will begin around March 2012.

It was noted that one substantive issue had been raised in respect of the ExCS. On 31 March 2011 the Authority approved the proposed ExCS methodology statement and included a requirement to exclude Interconnectors from substitution for 2011. However Ofgem requested that National Grid work with adjacent TSOs to identify alternative proposals (if any) for defining substitutable capacity at interconnectors.

National Grid is currently working on a proposal to address this issue.

4.2 Potential New Modification - January

CS reported that National Grid NTS was intending to raise a new modification in January, seeking to update the UNC to reflect changes to the Safety Case that were being implemented as part of Exit Reform. More detail would be provided to December's Workgroup.

5. 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 01 December 2011, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 05 January 2012, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 02 February 2012, at ELEXON, 350 Euston Road, London NW1 3AW

Action Log – UNC Transmission Workgroup: 03 November 2011

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TRI 005	11/10/11	3.1	Issues Workgroup – Review of GBAs: National Grid NTS to devise an alternative method for Within Day.	National Grid NTS (MA)	Due at Workgroup on 01/12/11 Carried forward