

## Transmission Workgroup Minutes

Thursday 03 October 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
Chris Shanley	(CS)	National Grid NTS
Chris Wright	(CW)	Centrica
Colin Williams*	(CWi)	National Grid NTS
Debra Hawkin	(DH)	National Grid NTS
Erika Melen	(EM)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Kirsten Elliott-Smith	(KES)	Cornwall Energy
James Thomson	(JT)	Ofgem
Jeff Chandler	(JCh)	SSE
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Mike Wassell	(MW)	National Grid NTS
Nick Wye*	(NW)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Richard Lea	(RL)	Gazprom
Richard Miller*	(RM)	Ofgem
Steve Pownall	(SP)	National Grid NTS

\* via teleconference

Copies of all papers are available at: [www.gasgovernance.co.uk/tx/031013](http://www.gasgovernance.co.uk/tx/031013)

### 1. Introduction and Status Review

TD welcomed all to the meeting.

#### 1.1 Review of minutes and actions from the previous meeting (05 September 2013)

##### 1.1.1 Minutes

The minutes of the previous meeting were accepted.

##### 1.1.2 Actions

**TR0901:** Ofgem (MJ) to provide a EU Tariff Update at the October meeting.

**Update:** RM gave a short presentation, recapping on the current position. Consultation responses were being reviewed and work was being finalised in respect of various aspects- completion was expected by the end of November. **Closed**

Following further questions from JCo and CS, RM took a new action to look at the linkages between the allocation method at cross border points and the Tariff Guidelines.

**New Action TR1001: Ofgem to look at the linkages between the allocation method at cross border points and the Tariff Guidelines and provide any relevant details.**

#### 1.2 Review of Live Modifications not covered elsewhere on the agenda

The Modifications Register is at: [www.gasgovernance.co.uk/mods](http://www.gasgovernance.co.uk/mods)

**0435** – Next steps under consideration.

**0449** – Implemented on 01 October 2013.

**0454** – Next meeting 07 November 2013.

**0461** – Next meeting 07 November 2013.

**0465** – A new modification that will be considered at the October Modification Panel meeting.

### 1.3 Ofgem Update

JT provided a general industry update:

- **Modification – Gas NTS Special Condition 4A.** This direction modifies the Price Control Financial Handbook and Model forming part of Special Condition 4A in National Grid Gas plc's licence for the National Transmission System, to apply a number of drafting clarifications and corrections. A copy of the direction can be found at the following location of the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/modification-gas-nts-special-condition-4a>
- **Modification – Gas Transporter Standard Special Conditions.** This direction modifies several of the Standard Special Conditions in the gas transporter licences to update references and make a number of drafting corrections. A copy of the direction can be found at the following location of the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/modification-gas-transporter-standard-special-conditions>
- **UNC 0449: Introduction of Interconnection Points and new processes and transparency requirements to facilitate compliance with the EU Congestion Management Proceedings.** This is a decision letter approving UNC 0449 that puts in place processes for compliance with the CMP guidelines, in particular new processes for the surrender of NTS entry and exit capacity, and transparency obligations. A copy of the decision letter can be found at the following location of the Ofgem website: <https://www.ofgem.gov.uk/publications-and-updates/uniform-network-code-unc-449-introduction-interconnection-points-and-new-processes-and-transparency-requirements-facilitate-compliance-eu-congestion-management-proceedings>

*European Issues Update Table*

Workstream	Status
Capacity Allocation	Member States approved the CAM Framework Guideline (FG) on 15 April 2013. Discussions about implementing the FG are now underway. The FG must be implemented by 01 November 2015.
Tariffs	ACER was to submit FG to the Commission before 31 March 2013. However, the Commission had concerns regarding the cost allocation methodologies and considered this needed further work. The majority of the FG text was agreed and ACER has since then worked on the cost allocation section. There was a consultation between 18 July and 17 September 2013 on this cost allocation chapter. The finalised FG will be sent to the Commission by 30 November.
Congestion	Ofgem is holding discussions with IUK and BBL about making changes to their access rules to comply with the CMP guidelines. Changes will also be required at Moffat, where the

Management	GB and Irish/Northern Irish systems connect. Draft CMP business rules for GasLink to reflect CMP have been submitted to Ofgem for comment. Ofgem is also currently holding implementation discussions with the relevant National Regulatory Authorities (NRAs).
Gas Balancing	ENTSOG have re-submitted the Gas Balancing Code which the Dutch NRA is leading on implementing. The Commission held a pre-comitology meeting with Member States in late May and a comitology meeting in September. The Commission have made a few small changes to the text submitted by ENTSOG as a result of legal review and the comitology meeting. A meeting to complete discussions and adopt the code will take place at the start of October. The latest version of the Code text has been circulated to the GB stakeholder group.
Interoperability	ENTSOG handed in the Interoperability Network Code during September and ACER is now working on its opinion.
Incremental Capacity	<p>The Blueprint was published on 23 May 2012. Some stakeholders requested a workshop and case studies to explain the different allocation procedures. A Q&amp;A will take place on 07 August 2013 with a session on incremental capacity. There are plans for an ACER event on 03 September 2013.</p> <p>It is likely amendments to the CAM and Tariffs NCs will be required. ACER will identify what needs to be amended before involving ENTSOG in the drafting process.</p> <p>ACER aims to have an amendment framework ready by 30 November 2013, after which ENTSOG will draft the amendment. ACER plans to review in autumn 2014 and hold the first auction integrating incremental capacity in March 2017.</p>

## 1.4 European Developments

National Grid NTS (CS) provided an update on various aspects.

### 1.4.1 EU Balancing Code Update

Interactions with other codes were of concern. A Nominations process timeline was presented. The GB impacts were explained and, with a general principle in mind of 'do nothing', CS detailed National Grid's initial thoughts on how these might be dealt with. The next step would be to discuss these with adjacent TSOs.

It was noted that over nomination requests sound fairly fundamental, but there did not seem to any opt out. CS explained the details and National Grid NTS' thoughts; to do anything different would probably come at a cost. It had not yet been discussed with Ofgem, but the Authority was well aware that this was a major decision for GB.

Concerns were expressed that it appeared that National Grid NTS had already come to decisions regarding capacity. A number of parties present hoped for further opportunities for discussion and that other views might be taken into account before anything final was agreed.

JCx suggested it would be useful to understand and distinguish between what areas/decisions National Grid had autonomy over, and those that must be agreed with other parties.

**Action TX1002: EU Balancing Code/Nominations: Provide an overview of what areas/decisions National Grid has autonomy over, and those that must be agreed with other parties.**

CS indicated that some changes would require UNC modifications and some might be encapsulated in Interconnector Agreements. JCx observed that an indication of any process was required for consideration/discussion before any such point was reached. Again, concern was expressed that the industry perception was that it was 'receiving views/decisions made' rather than actually being given a proper opportunity for discussion early on; by the time a modification was raised it was often too late for some views to be considered. A 'pre-modification phase' for discussion was perceived to be lacking.

JCx suggested provision of a working document that indicated whether the industry 'may' or 'shall' have to do something, so that the Workgroup could better understand the rationale for any thinking or proposed documents. CS indicated that each time something was signed off then National Grid NTS' perspective would be updated and shared with the industry.

'Opportunities and threats' were becoming more evident as EU developments progressed and it was suggested that the setting up of an appropriate forum in which to debate and discuss these issues/decisions be considered, with reference being made to how the electricity industry was addressing change (JESG). Various views were expressed regarding the best way to manage this and offer opportunities for engagement to all parties; for the present it was concluded that the best existing forum was the Transmission Workgroup.

CS went on to explain the assumptions made regarding the area of Nominations, pointing out that the Balancing code had not been written envisaging a 3-way connection at IUK. Ofgem and TSO discussions were still to be concluded.

A Nomination process overview was displayed, together with some worked examples that CS explained in greater detail. The key principle was that National Grid NTS did not want to change any of the overarching rules unless it absolutely had to.

Acknowledging that this area contained the biggest impacts so far to emanate from the EU codes, CS offered to bring further information on any issues that may be of concern to any party.

## 1.4.2 EU Interoperability and Data Exchange Network Code

### *Interoperability Code*

The Code has gone to ACER, which now has a 3-month period in which to review the Code. Comitology is expected to conclude in summer 2014, with an implementation by end of 2015.

National Grid NTS expects to present an Impact Assessment at the November Transmission Workgroup.

## 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. **Post Meeting Note:** CS confirmed that the comitology meeting had approved the Balancing code on 02 October 2013; impacts were still to be assessed.

## 1.4.4 EU Code and Legislation Implementation

A phased approach to implementation to achieve compliance with the EU legislation was recommended and National Grid NTS put forward a 4 phase programme together with a high level road map to give an overview of how this might all fit together. Brief details were given on

what might be included in each phase. This involved moving away from a linear approach and accommodating parallel working where more appropriate.

JCo suggested the setting up of a separate 'Implementation Workgroup' to address risks, opportunities and issues that might need further work – probably a day a month could easily be dedicated just to looking at EU issues and how best to implement.

It was recognised that EU business might dominate the Transmission Workgroup for the next few years. TD pointed out that the end of 2015 would be a period of enormous change for the industry taking into account EU developments, the UK Link Replacement Programme and Smart Metering - prioritising and delivering will be a tremendous challenge.

CS observed that EU dates were already set and outside of National Grid NTS' control; extensions would be applied for where appropriate.

It was suggested that Shippers should discuss EU developments with their IT departments to gather views on how these changes/costs can best be managed and send back any issues to CS.

**Action TR1003: All to consider how to address EU developments going forward and send any identified issues to: [chris.shanley@nationalgrid.com](mailto:chris.shanley@nationalgrid.com) by 18 October 2013.**

#### 1.4.5 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"> <li>• Balancing update</li> <li>• Impact Assessment of Interoperability Code</li> </ul>	07 November 2013
<i>To be confirmed</i>	05 December 2013

## 2. Workgroups

The following Workgroup meetings took place:

### 2.1 0452 – Introduction of the Planning and Advanced Reservation of Capacity Agreement (PARCA)

Minutes for this meeting are available at: [www.gasgovernance.co.uk/0452/031013](http://www.gasgovernance.co.uk/0452/031013)

## 3. Issues

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

No further update received from Xoserve.

### 3.2 New Issues

None raised.

## 4. Any Other Business

### 4.1 UNC 0449 Update

FH gave a brief presentation relating to the first of the EU codes to go live - Congestion Management Procedures – that was brought into the GB regime on 01 October 2013 via the implementation of Modification 0449. FH briefly outlined the changes, drawing attention to the first use of the Surrender and Oversubscription processes for the February 2014 AMSEC Auction, the Surrender process to be initiated in December 2013.

It had been noted that there would be a potential overlap with Christmas holiday period and FH sought views from the Workgroup on options available to address this. JCx suggested that a note seeking views be issued as, due to time constraints and the dwindling attendance at this point in the meeting, the Workgroup was only able to give very brief consideration and perhaps not very representative views at this time. Those present expressed an initial preference for either Option 3 or 4. FH confirmed that views would also be sought at the Operations Forum.

FH confirmed that the Fax Template would be included in the Surrender Invitation

FH briefly outlined the information that National Grid NTS would be monitoring ahead of the development of a Long Term UIOLI process and confirmed there was potential for further CMP modifications.

Firm Day Ahead UIOLI was not required until July 2016; this process will be done through CAM.

## 5. Diary Planning

The following Transmission Workgroup meetings are scheduled for 2013.

*Please note the different venue for the December meeting.*

Date	Time	Location
Thursday 07 November 2013	10:30	ENA, 6 <sup>th</sup> 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

### For 2014

Date	Time	Location
Thursday 09 January 2014	10:30	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 06 February 2014	10:30	ENA, 6 <sup>th</sup> Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

**Action Table – UNC Transmission Workgroup: 03 October 2013**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
<b>TR0901</b>	05/09/13	1.4.5	Provide an EU Tariff Update at the October meeting.	Ofgem (MJ)	<b>Closed</b>
<b>TR1001</b>	03/10/13	1.1.2	Ofgem to look at the linkages between the allocation method at cross border points and the Tariff Guidelines and provide any relevant details.	Ofgem (RM)	<b>Pending</b>
<b>TR1002</b>	03/10/13	1.4.1	EU Balancing Code/ Nominations: Provide an overview of what areas/decisions National Grid has autonomy over, and those that must be agreed with other parties.	National Grid NTS (CS)	<b>Pending</b>
<b>TR1003</b>	03/10/13	1.4.4	All to consider how to address EU developments going forward and send any identified issues to: <a href="mailto:chris.shanley@nationalgrid.com">chris.shanley@nationalgrid.com</a> by 18 October 2013.	ALL parties	<b>Submit issues by 18/10/13</b>  <b>Pending</b>