

Transmission Workgroup Minutes
Thursday 05 April 2012
Elxon, 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
Angela Turner	(AT)	EDF Trading
Charles Ruffell	(CR)	RWE npower
Daniel Treverton	(DT)	National Grid NTS
Debra Hawkin	(DH)	National Grid NTS
Duncan Burt	(DB)	National Grid NTS
Erika Melen	(EM)	Scotia Gas Networks
Fiona Gowland*	(FC)	Total*
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage
James Thomson*	(JT)	Ofgem
Jeff Chandler	(JCh)	SSE
Julie Cox	(JCx)	Energy UK
Lewis Hodgart*	(LH)	Ofgem
Malcolm Arthur	(MA)	National Grid NTS
Martin Connor	(MC)	National Grid NTS
Phil Broom	(PB)	GDF Suez
Phil Hobbins	(PH)	National Grid NTS
Rekha Theaker	(RT)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Richard Hounslea	(RH)	National Grid NTS
Shelley Rouse	(SR)	Statoil
Steve Dixon	(SD)	National Grid NTS

* *via teleconference*

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/050412

TD welcomed attendees to the meeting.

1.1 Review of Minutes and Actions of the previous meeting (01 March 2012)

1.1.1 Minutes

The minutes of the meeting were accepted.

1.1.2 Actions

Actions TR01/01: Network flexibility - Provide evidence (data) to demonstrate that network usage is changing and will continue to do so, and that regime change is needed to accommodate this.

Update: Due for discussion at Issues meeting. **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:

0376 - Shippers queried if arrangements were likely to be in place for either July or October 2012, i.e whether a workaround was possible in the interim while systems development is in progress. JCx was concerned that the Price Control was affecting the implementation date and did not want it to 'get lost in the process'. DH responded that systems development was at the analysis stage and unlikely to be complete prior to July, and agreed to seek a view as to whether a manual workaround or the systems development will be in place by 01 October 2012.

Action TR0401: 0376 - Seek a view as to whether a manual workaround or the systems development will be in place by 01 October 2012.

0407 – PH provided an update on progress of the Workgroup discussions to date, which had considered whether the rules were obsolete – a view that was refuted by National Grid NTS. National Grid NTS was looking at alternative solutions. The DNs had asked for guidance on what could be accommodated by the NTS and were meeting to establish what questions they needed to answer so that analysis could be done by National Grid NTS. The Transporters were willing to assess alternative solutions to achieve the best outcome.

0408S – PH reported that Nick King (National Grid NTS) would be contacting Shippers at all standard CSEPs (other than Storage, Interconnectors and DNs) to discuss possible changes.

1.3 Ofgem Update

LH reported on recent Ofgem activities:

- **RIIO-T1:** NGET and NGG submitted their final business plans on 02 March 2012. On 13 March 2012 Ofgem published an open letter inviting industry stakeholders to review these business plans and provide Ofgem with feedback. Copies of the business plans are available at the following location:

<http://www.talkingnetworkstx.com/our-business-plans.aspx>.

Responses are invited by 13 April 2012 and should be submitted to RIIO-T1@ofgem.gov.uk

- **UNC356/356A Demand data for NTS Exit (Flat) Capacity charges:** On 12 March 2012 Ofgem directed implementation of UNC 0356. Ofgem considered both alternatives better facilitated the relevant charging methodology objectives of the UNC, but that

UNC 0356 would be likely to better facilitate relevant objective (a) than UNC 0356A.

- **Tackling gas theft: the way forward published 26 March** – Consultation sets out proposals to improve the arrangements for tackling gas theft. This includes a consultation on a new licence condition for gas suppliers, a Theft Risk Assessment Service and principles for a new incentive scheme to encourage gas theft detection. Consultation closes on 30 April 2012. For more information contact andrew.wallace@ofgem.gov.uk
- **Revenue drivers for South East exit capacity** – In December 2011 Ofgem published a consultation on the introduction of two new revenue drivers to support incremental South East exit capacity. Ofgem received 6 responses to the consultation. The responses queried aspects of NGG's methodology but each supported Ofgem's proposals to introduce the new revenue driver values. Ofgem intend to publish a decision letter and open a statutory consultation on the licence changes necessary to implement the revenue drivers before the end of April.

1.4 European Developments

1.4.1 Gas Balancing Update

PH gave a presentation. Stakeholder workgroups (SJWS) sessions are now finished and the formal consultation period is approaching. The EU Gas Balancing Network Code is being developed based on the Business Rules, which were discussed at SJWS sessions (available on the ENTSOG website). It is expected that the Consultation will be published on the ENTSOG website and PH encouraged attendees to check the website and respond to the Consultation.

At the May Workgroup, National Grid NTS will share its views on the areas that it believes will impact on the GB regime.

1.4.2 Interoperability Update

PH reported on progress made and next steps. ACER published its draft Framework Guideline and associated questionnaire for consultation on 16 March 2012; the consultation closes on 16 May 2012. It includes Data Exchange, which was originally intended to have its own separate Network Code.

PH then gave an overview of ACER's proposals. The purpose of the document is to give guidance to ENTSOG to develop the Interoperability Network Code. It was noted that ACER does not specifically state that the scope will be limited to Interconnection Points, but this appears to be implicit for most topic areas (this was a long held concern of NTS). Unless specifically stated otherwise, TSOs should comply with the Interoperability Network Code within 18

months after it becomes law. PH then briefly touched on the topic areas covered:

Interconnection Agreements

A harmonised template is proposed, to cover both operational aspects (eg measurement) and commercial aspects (eg shipper allocations). TSOs are to agree how to deal with “operational imbalances”, ie a scheduling error, OBAs being the “standard preferred option”. It contemplates TSOs undertaking a ‘matching’ process for shipper nominations either side of an IP.

Harmonisation of Units

When “communicating to counterparties”, it is proposed that the Network Code shall determine the harmonisation of units for Energy, Volume, Pressure and Gross CV, ie common references.

Gas Quality

The focus is on transparency and TSO co-operation, eg adjacent TSOs should agree where necessary on the handling of gas quality differences (‘differences’ may need further discussion and a materiality test), and be obliged to provide relevant network users with pertinent information on gas quality and variations. PH indicated there were questions as to whether TSOs would have access to this information to be able to publish, and was it the right place to publish.

Odourisation

Non-odourised gas in transmission systems should be the default rule if bilateral agreements fail to address differences in odourisation practices.

An implementation lead-time of 36 months is proposed, reflecting that this might be a safety issue in some quarters.

Data Exchange

There has been an extension of CAM requirements to all other areas where TSOs exchange data between each other or communicate data to counterparties, and it is proposed that the Network Code shall “foresee” a common, standardised messaging protocol for these communications (it was not clear yet what the deliverable actually is), the selection of format being based on a cost-benefit analysis and subject to industry consultation.

PB asked if there would be a common language for data exchange.

Action TR0402: Clarify if there is to be a common language for data exchange.

Capacity Calculation

ACER is proposing obligations on TSOs In order to ensure capacity release is maximised at both sides of an IP, ie to provide their methodology used to calculate “technical capacity” at an IP; to co-operate to reduce discrepancies in capacity availability either side of an IP; to provide quarterly updates of technical capacity.

Also, a proposal that a procedure should be included in the Code for

identifying and dealing with capacity discrepancies and an obligation on ENTSOG to provide an annual report to ACER on capacity discrepancies and measures being taken to reduce them.

Cross-border co-operation

This is being encouraged.

National Grid NTS is developing its response to the consultation and will also feed into the ENTSOG and GIE responses. A summary of its consultation response will be provided at the June Transmission Workgroup.

PH encouraged the industry to respond to the consultations.

1.4.3 EU CAM Network Code and CMP Guideline Proposal Update

EU CAM Network Code

Following the formal issue of the Network Code to ACER on 06 March 2012, ACER has raised a significant number of questions and challenges in respect of the content of the CAM Network Code; discussions continue.

CMP Guidelines

GB Stakeholder comments have been sent to the Commission. A revised version of the CMP Guideline will be sent to Member States approximately one month before the next Comitology meeting (April); the new text is therefore expected to be available before the next GB stakeholder group meeting (13 April 2012).

1.4.4 EU Tariffs Update

DH informed the meeting that the ACER Tariff Scoping consultation closed on 26 March 2012 and the 37 non-confidential responses were available on its website. To provide support to ACER on tariffs an 'expert group' has now been set up and the first meeting, which DH had attended in the capacity as 'expert', was held on 02 April 2012.

JCx commented that the Minutes of EU groups often tended to be issued too late to be useful, especially if radical changes are proposed, and it would be helpful if parties could be alerted when these were available. DH noted this.

1.4.5 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

<ul style="list-style-type: none"> Capacity Allocation Mechanism (CAM) update Balancing Consultation update - Provide further details of consultation and initial views of issues for consideration by GB stakeholders 	03 May 2012
<ul style="list-style-type: none"> Balancing update - Provide update on National Grid NTS' views and response Capacity Allocation Mechanism (CAM) update Summary of National Grid NTS' response to Interoperability FG Consultation 	07 June 2012
<ul style="list-style-type: none"> Output from SJWS on TYNDP/Final ENTSOG TYNDP proposal 	05 July 2012

LH questioned if there was a 'road map' for when modifications to the UNC might be expected. PH responded that the current focus is on the 'how' rather than the 'when'.

LH asked if backstop dates varied across the Member States or area. JCx responded that all has to go through comitology etc, and timescales had yet to be fixed. PH added that National Grid NTS had this constantly in mind, but that nothing was very clear at present.

2. Workgroups

The following individual Workgroup meetings took place:

2.1 0412 – Changes to the Stages of Emergency Resulting from Changes Introduced by Exit Reform

Minutes for this meeting are at www.gasgovernance.co.uk/0412/050412

2.2 0415 – Revision of the Gas Balancing Alert Arrangements

Minutes for this meeting are at www.gasgovernance.co.uk/0415/050412

2.3 0417S – Notice for Enduring Exit Capacity Reduction Applications

Minutes for this meeting are at www.gasgovernance.co.uk/0417/050412

3. Issues

3.1 Communications – Force Majeure and Emergency

JCh summarised progress to date, confirming that the area proposed for review is restricted to Emergency and Force Majeure communications.

It was acknowledged that fax is not a perfect means of communication, and the opportunity to consider alternatives was welcomed. There is a view that fax is outmoded but parties must continue to check their faxes for communications – there is a concern that they may not be being looked at/checked in a timely manner. PH pointed out that National Grid NTS has concerns that the HSE will not find email an acceptable format without 24/7 auditability and proof of receipt and action. It would have to be demonstrated that this is a robust form of communication, and there was currently doubt that an email constitutes a legally acceptable and properly served formal notice. Commercial contracts seem to state that communications should be made by letter, by hand or by fax.

JCh thought that, on this basis, email should be supplementary to the existing methods. Delivery concerns are a legal issue and need a legal view to satisfy any HSE concerns.

TD agreed to discuss next steps with JC, with a view to identifying possible ways to take the subject forward.

3.2 Aligning the connections and capacity processes

It was agreed that a meeting be arranged to take place on 01 May 2012 at 31 Homer Road, Solihull B91 3LT, commencing at 10:30.

3.3 Network flexibility

It was agreed that a meeting be arranged, see 3.2 above for details.

3.4 New Issues

3.4.1 Calculation of the NTS Optional Commodity tariff (NTS Shorthaul) in the Enduring Exit Period

RH gave a presentation outlining the background to the issue. Consequent upon various changes to be implemented from 01 October 2012, it had been noted that there were sites in the Enduring Exit Period that have an obligated level of zero. However, zero cannot be used in the shorthaul equation, and a workable methodology was therefore required for implementation on 01 August 2012 for charges effective from 01 October 2012.

National Grid NTS had identified 3 potential alternatives to using the obligated level as the Supply Point Capacity, and RH went on to explain these and associated issues. Of the three, it was believed that the Maximum NTS Exit Point Offtake Rate (MNEPOR) was the most practical.

Exploring the MNEPOR option in more detail, RH looked at 3 different ways it could be used, explaining the disadvantages identified, and gave

reasons for concluding that National Grid NTS' preference was for the second option.

It was asked if the MNEPOR was to be publicly available (or will it be so to all Users)?

Action TR0403: NTS Shorthaul Issue (Modification 0419) - Confirm if MNEPOR to be publicly available (or will it be so to all Users).

RH confirmed that a modification to address the issue had now been raised (Modification 0419) and would be presented to the April Panel meeting.

4. Any Other Business

4.1 Entry Overruns

AF reported that National Grid NTS is likely to submit a UNC modification to Panel (to be referred to Workgroup for assessment) in the next month or so that will look to introduce a "non zero" floor price for Entry overrun charges.

4.2 IS Service Desk Performance and Gemini Access

IS Service Desk Performance

DB gave a presentation outlining the service issues recently encountered and the steps that had been taken to address and resolve these.

Gemini Access

DB explained a recent occurrence whereby account access had been incorrectly established for a party, inadvertently giving access to other parties' information. This was reported immediately by the party concerned and had been rectified as quickly as possible. The parties affected had been contacted, and all information/transactions checked and verified. It has been confirmed that no non-National Grid/Xoserve personnel have a pan-portfolio view. This error was receiving senior level attention and arrangements have been put in place to prevent any re-occurrence.

DB encouraged the reporting of any further performance concerns to Xoserve contacts.

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:

10:30 01 May 2012, at National Grid, 31 Homer Road, Solihull B91 3LT (Issues Group)

10:00 03 May 2012, at ELEXON, 350 Euston Road, London NW1 3AW

10:00 07 June 2012, at ELEXON, 350 Euston Road, London NW1 3AW

and subsequently

10:00 on the first Thursday of each month, at ELEXON, 350 Euston Road, London NW1 3AW

EXCEPT (in light of the Olympic Games):

10:00 02 August 2012, at National Grid, 31 Homer Road, Solihull B91 3LT

Action Log – UNC Transmission Workgroup: 05 April 2012

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0101	31/01/12	2.2	Network flexibility - Provide evidence (data) to demonstrate that network usage is changing and will continue to do so, and that regime change is needed to accommodate this	National Grid NTS (PG)	Update due at next Issues meeting (01/05/12)
TR0401	05/04/12	1.3	0376 - Seek a view as to whether a manual workaround or the systems development will be in place by 01 October 2012.	National Grid NTS (DH)	
TR0402	05/04/12	1.4	Data Exchange - Clarify if there is to be a common language for data exchange.	National Grid NTS (PH)	
TR0403	05/04/12	3.4.1	NTS Shorthaul Issue (Modification 0419) - Confirm if MNEPOR to be publicly available (or will it be so to all Users).	National Grid NTS (DH)	