

Transmission Workgroup Minutes
Thursday 07 February 2013
ELEXON, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Marketing
Antony Miller	(AM)	Centrica Storage
Charles Ruffell	(CR)	RWE Npower
Chris Wright	(CW)	Centrica
David Mitchell	(DM)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Fiona Strachan	(FS)	Gazprom
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Mark Cockayne	(MC)	Xoserve
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/070213

TD welcomed attendees to the meeting.

1.1 Review of Minutes and Actions

1.1.1 Minutes (10 January 2013)

The minutes of the meeting were approved.

1.1.2 Actions

TR0903: Capacity and Connections: Produce an expanded document (based on the structure of a modification proposal template) to clearly demonstrate the need for change, how this might be achieved, and giving consideration to wide ranging industry impacts.

Update: To be progressed when a preferred option has been identified. Update at meeting on 27 February 2013. **Carried forward**

TR1101: Aligning the connections and capacity processes - Long term non-firm capacity: MW to draft a modification.

Update: FH confirmed that it was still the intention to raise a modification. Discussions with Ofgem were continuing, and there were system issues that required resolution. **Carried forward**

TR1201: Establish the specifications, eg size and delivery capabilities, of available pipes, and any associated caveats relating to potential multi-party

use.

Update: Shippers have requested information on costs. Update to be provided at meeting on 27 February 2013. **Carried forward**

TR0101: *PARCA - Example 1:* Produce a Table comparing the impacts on allowed revenue and security requirements of Options 1 and 3.

Update: Update at meeting on 27 February 2013. **Carried forward**

TR0102: *PARCA* – Confirm which instruments of security will be required for participation in this process.

Update: Update at meeting on 27 February 2013. **Carried forward**

TR0103: *PARCA – Demonstration Information:* Shippers to consider what demonstration information is required and how it might be validated. (JCx to coordinate Shipper response).

Update: Update at meeting on 27 February 2013. **Carried forward**

1.2 Review of Live Modifications not covered elsewhere on the agenda

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

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

0407 – PH reported that discussions were continuing at the Offtake Arrangements Workgroup, and the latest minutes were available at www.gasgovernance.co.uk/0407/290113. The DNs and National Grid NTS were working together to address changes required to the proposed modification and were also looking at how options might be operationally managed. The next meeting will take place on 26 February 2013.

0435 – CW reported that work was progressing in parallel with Ofgem Round Table meetings, but conscious of overlap he sought views on continuing with separate meetings. The consensus was to continue with Workgroup 0435 meetings. Briefly considering content, it was suggested that a strawman be prepared for the next meeting, and that NDM compensation should be discussed. The next Workgroup 0435 meeting will take place at 10:30 on 19 February at the Energy Network Association.

0444S – Consultation ends 07 February 2013. Report to be considered at the February Modification Panel.

1.3 Ofgem Update

JT provided an Industry update:

- ***Direction approving a one-off change to the level of NTS exit capacity charges – 28 January 2013.*** The decision letter approved NGGT's proposal for a one-off change to exit charges on 01 April

2013. The decision letter can be found at the following location on the Ofgem website:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=35&refer=Networks/Trans/GasTransPolicy/TCMF>

- **Avonmouth Liquefied Natural Gas Facility Price Review: Final Proposals – 31 January 2013.** Final proposals set out the prices to be charged for regulated services at Avonmouth from 01 May 2013. The decision document can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=73&refer=Networks/Trans/GasTransPolicy/LNGPriceControl>

- **Avonmouth LNG facility price review – Notice under S23 of the Gas Act – 31 January 2013.** Consultation on proposed new licence text to implement Avonmouth LNG price control changes in NGG’s Gas Transporter Licence. Consultation closing date is 28 February 2013. The S23 notice and covering letter can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=74&refer=Networks/Trans/GasTransPolicy/LNGPriceControl>

- **RIIO-GT1 Modifications to the special conditions of the gas transporter licence held by National Grid Gas plc (with respect to its transmission business) and reasons for decision pursuant to section 23 and 38A of the Gas Act 1986 – 01 February 2013.** Modification notice amending the special conditions of the Gas Transporter Licence held by NGGT. The notice can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=440&refer=Networks/Trans/PriceControls/RIIO-T1/ConRes>

- **RIIO GT1 and GD1 Modifications to the standard special conditions of the gas transporter licence and reasons for decision pursuant to section 23 and 38A of the Gas Act 1986 – 01 February 2013.** Modification notice amending parts A and D of the standard special conditions of the Gas Transporter Licence. The notice can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=437&refer=Networks/Trans/PriceControls/RIIO-T1/ConRes>

European Issues Update Table

Workstream	Status
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<i>Capacity Allocation</i>	ENTSOG re-submitted an amended version of the code on 17 September 2012. Following this the Commission has released the initial text for discussion at comitology - Ofgem circulated this at the DECC/Ofgem stakeholder group for comments by 06 November 2012. The first comitology meeting was held on 24 January 2013. Main focus of the meeting was on the 20% quota of incremental capacity to be held back for short term auctions, mandatory bundling and bundling of existing contracts. Commission want vote agreeing text at next meeting on 15 April 2013.
<i>Tariffs</i>	Draft Framework Guideline consultation closed on 05 November 2012. ACER held public workshop on 23 January 2013 to present proposed changes to Framework Guideline. They propose to publish proposed text changes between 31 January and 11 February 2013. Ofgem encourages feedback to ACER on the text changes. ACER aim to finalise Framework Guideline and submit to Commission before 31 March 2013.
<i>Congestion Management</i>	<p>The CMP requirements must be implemented by 01 October 2013. Ofgem are discussing with National Grid the best way to meet this implementation date. One of the options Ofgem is considering is the use of its powers under the standard special conditions to the gas transporter licence to direct National Grid to raise a modification to accommodate the CMP requirements.</p> <p>Due to time constraints, Ofgem is also considering issuing a further direction setting. Ofgem notes that currently the UNC does not appear to fully reflect the licence conditions and it may therefore be necessary for a number modifications to be raised ahead of those to implement the CMP requirements.</p>
<i>Gas Balancing</i>	ENTSOG published NC on 26 October 2012. ACER reasoned opinion was released on 25 January 2013; revised ENTSOG code now due and then it is up to the Commission to initiate the Comitology procedure.
<i>Interoperability</i>	ENTSOG now holding workshops on individual topics in the code. Gas quality and data exchange covered so far. Draft code to be produced and circulated for comment by February 2013. National Grid raised some issues about the data exchange section in particular how the data exchange rules are being developed.
<i>Incremental Capacity</i>	ACER has commissioned a study on Incremental Capacity and tariffication issues. A final report is expected mid February 2013 and will feed in to the development of policy

	options for the CEER Blueprint. The Blueprint will be presented at the Madrid Forum in April 2013. Following the delivery of the Blueprint at the Madrid Forum, CEER/ACER will hold a public workshop to discuss how to translate the policy blueprint into binding rules.
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1.4 European Developments

National Grid NTS presented on the following areas.

1.4.1 EU Interoperability and Data Exchange Network Code

Providing an update on the current position, PH reported that draft legal text had been reviewed and the draft Code was being prepared for public consultation (sometime between February and April).

TSOs continued to discuss different points of view regarding various issues, including the perceived lack of flexibility in common units, the value in publication of real time gas quality information, and data exchange (AS4 has not yet been proved to work in the gas industry; technology changes should not have to go through comitology each time).

National Grid NTS will present details of the draft Code and potential impacts on the GB regime at the next Transmission Workgroup (07 March 2013).

For further information in this area please contact:
philip.hobbins@nationalgrid.com (or on 01926 653432).

1.4.2 EU CAM Network Code and Constraint Management Principles (CMP) Guideline - Update

CAM Draft Regulation

National Grid NTS was looking at how systems integration could be managed for CAM and CMP.

PH gave brief details of the key outstanding issues from a National Grid NTS perspective.

Comitology meetings have commenced and the draft Regulation is under discussion (possible changes to Quotas; Bundling concept unlikely to change; 'Sunset Clause' – general concerns on the text remain evident; implementation period – various views expressed).

For further information in this area please contact:
philip.hobbins@nationalgrid.com (or on 01926 653432).

CMP Update

PH confirmed that GB has to be compliant by 01 October 2013 (July 2016 for Firm Day Ahead UIOLI). Compliance and an impact assessment is under discussion with Ofgem. As indicated previously, in principle National Grid's CMP arrangements are broadly compliant, but there are areas where further clarification is required. Responding to a question from NW, FH indicated that discussions with Ofgem were ongoing, where it was believed that UNC rules do not appear to cover certain points. FH expects that a modification will need to be raised at some point to address whatever is deemed to be appropriate.

For further information in this area please contact:
matthew.hatch@nationalgrid.com.

1.4.2 European Updates Timetable

A Gas Codes timeline was displayed for information, together with a Table indicating the current status of each Code and its estimated implementation date. PH pointed out that Gas Balancing is now in a 'pre comitology' phase. JCx observed that the Gas Day change could potentially be triggered by either the Gas Balancing code or the CAM code, and could be as early as 2015.

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 update – ACER opinion • Interoperability and Data Exchange: detailed presentation on draft Code • Ten Year Network Development Plan (TYNDP) update 	07 March 2013
<ul style="list-style-type: none"> • To be confirmed 	04 April 2013

1.4.3 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 meeting took place:

2.1 **0439 – Notice for Enduring Annual Exit (Flat) Capacity Reduction Applications**

Minutes for this meeting are at: www.gasgovernance.co.uk/0439/070213.

3. **Issues**

3.1 **Aligning the connections and capacity processes**

FH gave a presentation to update the Workgroup on progress made. Discussions at the last meeting included PARCA funding arrangements and various scenarios that might arise. The current objectives are to develop business rules and a UNC modification. The intention is to formally raise the PARCA UNC modification (for subsequent workgroup assessment) by April 2013.

The outstanding issues, current views and potential approaches were described in more detail.

Fine tuning of capacity within the PARCA

Fine tuning of capacity should be permitted, the range being provided/justified by the PARCA signatory as part of the demonstration information, subject to assessment/revision by National Grid NTS throughout the lifetime of the PARCA.

The current view of Workgroup was that fine tuning should be permitted throughout the PARCA lifecycle; if further unsold capacity needed to be reserved this could occur up to the point of Capacity allocation as long as the need is sufficiently demonstrated.

PARCA window and ad hoc PARCA processes

Having a PARCA window would provide an opportunity to any Users considering a PARCA to approach National Grid NTS to allow multiple PARCAs to be considered together, ie interactive projects.

The current view of the Workgroup is that this window is not required, the argument being that National Grid NTS should be aware of imminent projects that could potentially be interactive and can manage this. National Grid NTS will publish pertinent information to industry to inform views, and this knowledge should encourage any potential projects to engage with National Grid NTS at the earliest opportunity.

A PARCA triggered ad hoc Exit process was not required. It was believed that existing ad hoc provisions, combined with clearly defined National Grid NTS publishing obligations can be utilised by Users.

A PARCA ad hoc Entry process was also considered, and the current view of the Workgroup is that this may not be needed as Users could factor the risk into their auction strategy.

EU Capacity Codes

Compliance had been considered. It was noted that Incremental EU rules had yet to be fully devised and formalised and that the implementation of the proposed alignment of the capacity and connection processes within the UNC was intended for April 2014 (which was in advance of any currently anticipated EU CAM, CMP and incremental implementation timeframes). The Workgroup had agreed that the PARCA solution should be progressed to include EU IPs, with the recognition that any EU IP arrangements may need to change upon eventual EU code implementation.

Scope to amend capacity delivery date

This had been considered and it was agreed it should apply to both National Grid NTS and the PARCA signatory. An indicative capacity delivery date post stage 1a would be decided (subject to the PARCA's terms and conditions). Opportunities to bring the date forward may arise as a project progresses, subject to impact on other Users.

Any extension of indicative delivery timescales must be agreed with the PARCA signatory, and constraint management principles apply where National Grid NTS does not deliver to the agreed delivery date. All decisions are made subject to the PARCA Terms and conditions.

The PARCA signatory agrees to the capacity delivery date and formal capacity allocation date post stage 1a of the PARCA. The impact of the failure to provide demonstration information needed further consideration - Should the capacity delivery date move where demo info is not provided on time? Should the capacity delivery date remain static regardless?

Next steps

The next meeting has been arranged for 27 February, at which it is proposed to consider potential licence changes that might be required, and National Grid NTS also hope to present an initial draft of the PARCA contract for discussion and review. Responding to NW's query, FH indicated that a copy of the initial draft of the PARCA contract would be posted on the National Grid website and it was likely that a message would be issued through the JO to advise of its posting.

3.2 Changing the Gas Day

PH gave an update on the impacts of moving to a 0500 Gas Day start from National Grid NTS' viewpoint and outlined some potential wider industry impacts; this is not a finite list and others may be identified by the wider industry (eg Shipper systems, offshore impacts).

National Grid NTS had undertaken an initial review looking at the UNC and supplementary documentation, and was now considering the implications to its systems and processes, including any interdependencies. There were many questions and previously held assumptions to consider, to understand whether or not every instance that involved particular times or timings would actually need to be changed, ie what had driven the timings in the first place.

Exploration and assessment was ongoing and it was thought that not all processes would need to change. However, some EU codes may initiate different regimes and these would also need to be assessed.

The analysis to date indicated that the Gas Day change will require significant industry review, and National Grid NTS will provide ongoing progress updates on its areas of process review. More detailed analysis will be presented at forthcoming Transmission Workgroups (potentially April or May).

PH encouraged other parties to provide their views on the potential impacts of a Gas Day change to the Workgroup for consideration and discussion. Shippers need to look at their systems and processes and establish what was difficult for them. JCX observed it was clear that this was a very complex change and that timescales could prove to be tight for any proposed implementation. It would be helpful to have more focus on a projected date, eg the 2015 Spring clock change time, to spur on active progress.

Referring to Xoserve systems and interdependencies, MC commented that failure to meet some timings triggered system responses such as creating and utilising a default; some timings were driven by practicalities in Shipper systems as well as in Xoserve's. Xoserve needed to be more actively engaged in this to recognise drivers and dependencies.

JCx observed that Shippers' systems personnel might be the appropriate audience to engage at an early stage. It was suggested that MC raise the issue of a change to the Gas Day at the next UK Link Committee meeting and gather views on how this might be approached and what timescales might be necessary.

Action TR0201: *Changing the Gas Day* - Raise awareness of a potential change to the Gas Day at the next UK Link Committee meeting and gather views on how this might be approached and what timescales might be necessary.

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

Awaiting developments; no further update.

JC asked, what is the impact on systems and processes from having to compensate interrupted consumers through the SCR proposals, and also relating to calculating the amount of compensation that would eventually feed through to Suppliers and then to consumers.

MC referred to the ROM that had been raised, that had considered the cost of putting all in place (development of systems, £20 per therm, etc). CW referred to the possibility of using a demand forecast, and alternatively, and potentially for preference, a flat rate per day or part thereof.

3.4 New Issues

None raised.

4. Any Other Business

4.1 New Credit Modifications

PH reported that two new credit modifications had been raised. MC briefly explained the background to the raising of the modifications, which had been discussed by the Energy Balancing Credit Committee (EBCC).

- *Modification 0446 – Correction to termination date in TPD Section X4*

UNC TPD Section X4.1 is currently drafted in a manner that is arguably inconsistent with UNC provisions on Termination (at Section V 4.3.3) and with Section X as a whole. As a result, the Shipper community is potentially exposed to risk from an insolvent User for an additional day before Termination can become effective. (This reference appears to have been overlooked when Modification 0234 -To Correct Drafting Inconsistencies between Sections X and V of the UNC in Respect of User Default and Termination, was raised and implemented in 2008/09. It was also noted that the reference in TPD X4.3 to TPD X4.2.1 is incorrect and should be X4.2, and it is proposed to rectify this incorrect reference as part of this modification.

- *Modification 0447 – Exception to Code Cut Off Date for energy Balancing debt Recovery purposes.*

0447 - UNC TPD Section S1.4.4 does not permit any Invoice Document to contain an Invoice Item or Invoice Amount that relates to a period prior to the Code Cut off Date (01 April in Formula Year t-4.) TPD Section X3.4 recognises that the recovery of debt can extend over significant timescales and may result in debt recovery that is associated with invoice periods prior to the Code Cut Off Date. As a result, recovered debts that relate to an invoice period prior to the Code Cut Off Date are prevented from being appropriately settled with the relevant Shippers and currently are destined to remain in the Balancing Neutrality bank account indefinitely. This means that Users will not receive the credits, which under Section X3.4.5, recovery of debt provisions, they are entitled to. This modification therefore proposes to introduce an exception to the Code Cut Off Date where it arises pursuant to TPD Section X3.4 where monies are received following the completion of Directed Recovery Steps.

MC added that both modifications have been proposed as self-governance, with the recommendation they are issued direct to consultation. They are to be considered by the February Modification Panel who will determine the next steps.

4.2 Gemini Replatforming

MC reminded that the GRP cutover was approaching and parties should make sure that everything was in place with regard to participation and testing. Xoserve was concerned that responses to the Contact Team had been quite poor so far, and encouraged parties to raise awareness as a priority in their organisations.

Various information packs, updated, are available on the Xoserve website at: www.xoserve.com/grp, where the relevant version can be identified.

Regular teleconferences are to be set up and details of these arrangements will be made available via the UK Link Committee (UKLC).

4.3 Gas Days 18 and 21 January 2013 (Capacity scaleback)

RF referred to the scaling back of capacity on these very cold days. At Bacton there appeared to be no within day firm capacity auction, and RF believed that National Grid NTS had a Licence obligation to make at least one auction happen – was this so? FH indicated there is a clearing allocation obligation.

Referring to 18 January, AP had checked on Gemini and he believed there was some capacity sold very early on that day.

FS added that National Grid NTS had made an explanation of events and response at the recent Operational Forum.

FH offered to check the details of the events and report back to the Workgroup with an explanation.

Action TR0202: Gas Days 18 and 21 January 2013 (Capacity scaleback) – Check details of events on these days and report an explanation to Workgroup.

5. Diary Planning

A Transmission Workgroup meeting will take place at 10:30 on Wednesday 27 February 2013, at 31 Homer Road, Solihull B91 3LT, to progress work on the issue 'Aligning the connections and capacity processes'.

The March 2013 Transmission Workgroup will take place at 10:00, on Thursday 07 March 2013, at ELEXON, 350 Euston Road, London NW1 3AW. A meeting of the NTS Charging Methodology Forum (NTSCMF) will follow in the afternoon.

Please note the change of venue from the April meeting onwards.

The following Transmission Workgroup meetings are scheduled for 2013:

Date	Time	Location
Wednesday 27 February 2013	10:30	31 Homer Road, Solihull B91 3LT
Thursday 07 March 2013 (followed by NTSCMF)	10:00	Elexon, 350 Euston Road, London NW1 3AW
Thursday 04 April 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52

		Horseferry Road, London SW1P 2AF
Thursday 02 May 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 06 June 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 04 July 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 01 August 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 September 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 03 October 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 07 November 2013	10:00	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 December 2013	10:00	Energy UK, Charles House, 5 - 11 Regent Street, London SW1Y 4LR

Action Log – UNC Transmission Workgroup: 07 February 2013

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0801	02/08/12	3.2.2	<i>Development of the capacity and connection processes – Planning and Advanced Reservation of Capacity Agreement (PARCA) – Provide worked examples of the PARCA approach under differing scenarios.</i>	National Grid NTS (MW)	Closed
TR0903	18/09/12	2.1.4	<i>Capacity and Connections: Produce an expanded document (based on a modification proposal template) to clearly demonstrate the need for change, how this might be achieved, and giving consideration to wide ranging industry impacts.</i>	National Grid NTS (MW/SP)	Carried forward
TR1101	01/11/12	3.1.1	<i>Long term non-firm capacity: Draft a new modification.</i>	National Grid NTS (MW)	Carried forward
TR1201	19/12/12	3.1.1	Establish the specifications, eg size and delivery capabilities, of available pipes, and any associated caveats relating to potential multi-party use.	National Grid NTS (MW)	Carried forward
TR1202	19/12/12	3.1.1	Review, compare and assess the interactive offers process in place on the electricity side with what is being proposed on the gas side, and report on any useful findings that can be considered for inclusion.	National Grid NTS (SP)	Closed

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR1203	19/12/12	3.1.2	<i>PARCA Stages</i> - Consider appropriate timescales between stages, and at the last stage.	Energy-UK (JCx)	Closed
TR1204	19/12/12	3.1.2	<i>Planning consents</i> – Check and confirm all time limits.	National Grid NTS (SP)	Closed
TR0101	31/01/13	3.1.1	<i>PARCA - Example 1:</i> Produce a Table comparing the impacts on allowed revenue and security requirements of Options 1 and 3.	National Grid NTS (CW1)	Pending
TR0102	31/01/13	3.1.1	<i>PARCA – Credit:</i> Confirm which instruments of security will be required for participation in this process.	National Grid NTS (MW)	Pending
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)	Pending
TR0201	07/02/13	3.2	<i>Changing the Gas Day</i> - Raise awareness of a potential change to the Gas Day at the next UK Link Committee meeting and gather views on how this might be approached and what timescales might be necessary.	Xoserve (MC)	Pending
TR0202	07/02/13	4.3	<i>Gas Days 18 and 21 January 2013 (Capacity scaleback)</i> – Check details of events on these days and report an	National Grid NTS (FH)	Pending

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			explanation to Workgroup.		