

Transmission Workgroup Minutes

Thursday 07 March 2013

via teleconference

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Beverley Viney	(BV)	National Grid NTS
Bill Goode	(BG)	National Grid NTS
Charles Ruffell	(CR)	RWE Npower
Chris Wright	(CW)	Centrica
Fergus Healy	(FH)	National Grid NTS
Hayley Burden	(HB)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
James Thomson	(JT)	Ofgem
John Costa	(JC)	EDF Energy
Julie Cox	(JCx)	Energy UK
Lewis Hodgart	(LH)	Ofgem
Louise Boddy	(LB)	ICIS
Matthew Hatch	(MH)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Street	(RS)	ICIS

Copies of all papers are available at www.gasgovernance.co.uk/tx/070313

1. Introduction and Status Review

TD welcomed participants to the meeting.

1.1 Review of Minutes and Actions

1.1.1 Minutes (07 February 2013)

The minutes of the meeting were approved.

1.1.2 Actions

TR0903: 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.

Update: Under development with the expectation that a modification will be raised by April 2013. **Carried forward.**

TR1101: Long term non-firm capacity: Draft a new modification.

Update: Update to be provided at next meeting. **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: Update to be provided at next meeting. **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 to be provided at next meeting. **Carried forward.**

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

Update: Update to be provided at next meeting. **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 to be provided at next meeting. **Carried forward.**

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.

Update: Update to be provided at next meeting. **Carried forward**

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

Update: FH reported that on 18 January there were high inputs at Bacton and an increased potential for constraints; on 21 January actions were driven by a Norwegian supply loss. A detailed presentation on events had been given to the February Operations Forum, and the Operations Team would be happy to speak directly to parties if there were further questions or concerns. **Closed**

TR0203: *PARCA Contract Overview* - National Grid NTS to consider the requirement for security.

Update: Update to be provided at next meeting. **Carried forward.**

TR0204: *PARCA Contract Overview* - National Grid NTS to confirm the rules around how flow rates link back to exit capacity.

Update: Update to be provided at next meeting. **Carried forward.**

TR0205: *PARCA Incentive Schemes* - National Grid NTS to consider how incentives work where capacity is already available.

Update: Update to be provided at next meeting. **Carried forward.**

TR0206: *PARCA Incentive Schemes* - National Grid NTS to consider the incentive trigger points, at what point does the measure get set and how National Grid NTS earns the incentive.

Update: Update to be provided at next 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

0376S – Implementation for June 2013 is being progressed with Xoserve; implementation date to be confirmed. JCx requested an update be given at the next meeting.

1.3 Ofgem Update

JT provided an industry update:

- **Lead times for contractual delivery of incremental obligated entry capacity at the**

March 2013 QSEC auction. The decision letter approves NGGT’s proposal to extend lead times for the delivery of incremental entry capacity at Milford Haven and Isle of Grain to 78 months. The decision letter can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/Networks/Trans/GasTransPolicy/EntryCapacity/Pages/EntryCapacity.aspx>

- **Gas Network Innovation Allowance Governance Document.** This document explains how the gas network innovation allowance will be regulated and administered. The document can be at the following location on the Ofgem website:
[http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Gas NIA Governance Document.pdf&refer=Networks/nic](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Gas+NIA+Governance+Document.pdf&refer=Networks/nic)
- **Gas Operating Margins contestability decision letter.** This letter outlines the Authority’s decision on the effectiveness of OM services competition after NGG’s 2013 OM tender. The decision letter can be found at the following location on the Ofgem website:
<http://www.ofgem.gov.uk/NETWORKS/TRANS/GASTRANSPOLICY/LNGPRICECONTROL/Pages/LNGPriceControl.aspx>
- **Decision to modify NGG’s gas transporter licence – Avonmouth LNG facility price review.** We published a modification to NGG’s gas transporter licence implementing the Avonmouth LNG price review. A copy of the modification can be found at the following location of the Ofgem website:
<http://www.ofgem.gov.uk/NETWORKS/TRANS/GASTRANSPOLICY/LNGPRICECONTROL/Pages/LNGPriceControl.aspx>. J T confirmed that this would be effective from 01 May 2013, assuming no challenge was made to the modification.

European Issues Update Table

Workstream	Status
<i>Capacity Allocation</i>	ENTSOG re-submitted an amended version of the code on 17 September. 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 6 November. 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 5th November. ACER held public workshop on 23 January to present proposed changes to Framework Guideline. They propose to publish proposed text changes between 31 January and 11 February. Ofgem encourage 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>	The CMP requirements must be implemented by 1 October 2013. We are discussing with National Grid the best way to meet this implementation date. Ofgem to issue open letter early March 2013.
<i>Gas Balancing</i>	Revised ENTSOG code published in February. ACER recommendation to Commission to adopt code expected later this month.
<i>Interoperability</i>	National Grid raised some issues about the data exchange section in particular how the data exchange rules are being developed. ENTSOG sent draft Interoperability Network Code in February 2013 and will hold a workshop on 20 March to get feedback. Interested parties can respond with comments until 26 April 2013. ENTSOG must submit final network code to ACER by 11 September.
<i>Incremental Capacity</i>	Development of binding rules on incremental capacity to be presented at the Madrid Forum in April 2013. Following delivery of the policy blueprint at the Madrid Forum, CEER/ACER will hold a public workshop to discuss how to translate into binding rules.

1.4 European Developments

National Grid NTS presented on the following areas.

1.4.1 EU Balancing Code

Providing an update on the current position, BV reiterated the timeline and ACER opinion on the key issues. Two areas remained of concern to National Grid NTS and these were indicated in red on Slide 4. ENTSOG had made nearly all the changes suggested by ACER.

Over the next few months National Grid NTS will provide updates to further understanding of key aspects, impacts, and any potential changes (if any) required to the EU code.

Before considering requesting an additional 12 months to implement, National Grid NTS needed to better understand any linkages and the CAM delivery date, and then reassess options to ascertain the most appropriate was forward.

1.4.2 EU CAM Network Code and Constraint Management Principles (CMP) Guideline – Potential UNC Changes

CAM Draft Regulation

MH reported that discussions were continuing on the potential changes to the draft Regulation, and outlined the timeline for next steps, drawing attention to a potential March 2015 start date for the first Long Term CAM Auctions (effective 01 October 2015).

CMP Potential UNC Change Process

MH confirmed that two modifications would be raised for consideration by the March UNC Modification Panel, and outlined the proposed timeline to meet an implementation date of 01 October 2013. Brief details of the purposes of both modifications were given.

Referring to the second modification FH confirmed that National Grid NTS was not looking to unbundle Bacton by this October. JCx voiced concerns about not being able to comply with transparency requirements. FH responded that Bacton will be an interconnection point and transportation obligations will apply to both Bacton and Moffatt. FH explained the links and the separations and what would apply to each point.

Asked if surrender capacity was utilised would a credit be received, it was confirmed that National Grid NTS would always be neutral in the process and would receive no benefit.

FH reiterated that the new processes introduced will be fairly simple, and that many will be fairly similar to each other (allocation processes). Any questions would be welcomed by National Grid NTS.

1.4.3 EU Interoperability and Data Exchange Network Code

PH gave an update on the current position and encouraged parties to consider the proposals and respond to the consultation (closes 26 April 2013). Proposals and effects relating to the following areas were briefly outlined:

- Interconnection Agreements
- Matching of nominations and use of an OBA
- Gas quality
- Odourisation
- Units
- Data Exchange

Gas Quality

Responding to questions on gas quality and potential costs relating to provision of Wobbe and CV data, PH did not believe this to be a major issue for National Grid NTS; implementation of this Code had not been considered in great detail as yet but it is recognised that it will involve cost of some sort, and there may be some issues for National Grid NTS to provide the data.

JCx suggested that close consideration and discussion was required to ascertain all potential recipients of the data; it may stretch beyond IPs. It was not really an interruptible issue, more about end users benefitting from advance warning about gas quality changes. JCx believes a number of sites would be interested. The question might then be, could it be provided for little or no cost using existing equipment?

JCx believed it might be most relevant to parties close to entry points or LNG terminals where there was not much potential for commingling.

1.4.4 Ten Year Network Development Plan (TYNDP) 2013 - 2022

BG gave a brief overview of the current position, indicating that the report had given no causes for concern to National Grid NTS, and noting improvements to the report compared to previous years. Some example results were explained.

Parties were encouraged to respond to the consultation (closes 21 May 2013).

BG would be able to assist with any questions on the report and can be contacted at:
Bill.Goode@nationalgrid.com

1.4.5 European Updates Timetable

A Gas Codes timeline was provided for information, together with a Table indicating the current status of each Code and its estimated implementation date.

MH pointed out that Tariff Framework Guidelines have been delayed, with no date in view as yet. It was understood that ACER will be providing more information.

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 Overview (to enable an understanding of the key aspects of the EU Gas Balancing Code) 	04 April 2013
<ul style="list-style-type: none"> • Balancing Code - National Grid NTS' Impact Assessment (to enable an understanding of the impacts to the GB Regime) 	02 May 2013
<ul style="list-style-type: none"> • Balancing Code - Comitology Position (to enable an understanding of National Grid NTS' views on any potential changes (if any) required to the EU code • Interoperability Code – key outcomes of the public consultation 	06 June 2013

1.4.6 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. Issues

2.1 Aligning the connections and capacity processes

Work continues to be progressed at separate meetings; details of the next meeting will be advised when confirmed.

2.2 Changing the Gas Day

National Grid NTS will provide an update at the April Transmission Workgroup meeting.

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

Awaiting developments; no further update.

2.4 New Issues

None raised.

3. Any Other Business

3.1 ICIS – Gas Market Methodology Consultation

RS welcomed the opportunity to introduce the topic to the wider industry audience, explaining the background and why a formal consultation was taking place. It was the objective of ICIS to clarify existing methodology, propose alternative methodologies and begin a debate over the relative strengths and weaknesses of these alternatives. ICIS aimed to gather as wide a response as possible from industry participants (not just banks and financial traders), in order to ensure its methodology is the best suited to the needs of the gas market as a whole.

Views on the consultation process itself would also be welcomed, as other consultations relating to other energy markets were likely to take place following this first one related to gas. RS outlined the consultation timeline and advised that the consultation paper was available at: www.icis.com. If it is concluded that any material changes are required then a further consultation will follow.

LB explained the two methodologies in use at present, and then the proposed alternative methodology, highlighting some advantages and disadvantages.

JCx asked why 16:30 was important – was it linked to demand attribution runs? LB responded that it had originally been assessed at 17:30 when trying to ascertain the last liquid point of trading; the last major shift would follow National Grid NTS' publication of figures at 16:10.

JCx referred to the potential implementation of a change to the Gas Day, pointing out this may also affect timings and may be a consideration to take into account for the following year's consultation. RS hoped that this, along with any other concerns, might be included in any responses so that ICIS could take account of previously unidentified impacts and assess any implications. An 'expiry date' was to be added to all the methodologies to anticipate any identified potential changes and provoke reviews at an appropriate time.

Responding to JC, RS confirmed that a summary of all responses (unless clearly marked private and confidential) will be provide together with any decisions made. RS confirmed that as a private business ICIS was not subject to the Freedom of Information request mechanisms and would not be revealing information to any third party. General reference might be made to any point raised, but no specific attribution would be made; confidentiality would be respected.

3.2 Modification 0429 – Customer Error Settlement Claims Process

It was noted that this was under discussion at the Distribution Workgroup; certain impacts have been highlighted and it had been identified that all networks would be affected. Legal text was currently under preparation.

3.3 Scalebacks

LH referred to recent scalebacks and that, as a consequence, Ofgem may have a desire to explore opportunities for self-correcting actions. Had there been any other more recent incidents? PH did not have any relevant information to hand and indicated that National Grid NTS would contact LH to discuss. It was suggested that an update might be provided to the next meeting.

Action TR0301: *Scalebacks* – Provide an update on any recent events.

4. Diary Planning

Please note the change of venue AND starting time from the April meeting onwards.

The April 2013 Transmission Workgroup will take place at 10:30, on Thursday 04 April 2013, at ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF.

Details of the next Transmission Workgroup meeting to progress work on the issue 'Aligning the connections and capacity processes' will be confirmed.

The following Transmission Workgroup meetings are scheduled for 2013:

Date	Time	Location
Thursday 04 April 2013	10:30	ENA, 6th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 02 May 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 06 June 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 04 July 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 01 August 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 05 September 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 03 October 2013	10:30	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
Thursday 07 November 2013	10:30	ENA, 6 th 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

Action Log – UNC Transmission Workgroup: 07 March 2013

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0903	18/09/12	2.1.4	<i>Capacity and Connections:</i> 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.	National Grid NTS (MW/SP)	Carried forward
TR1101	01/11/12	3.1.1	<i>Long term non-firm capacity:</i> Draft a new modification.	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
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)	Carried forward
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)	Carried forward
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)	Carried forward
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	Xoserve (MC)	Carried forward

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			necessary.		
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 explanation to Workgroup.	National Grid NTS (FH)	Closed
TR0203	27/02/13	2.1.1	PARCA - National Grid NTS to consider the requirement for security	National Grid NTS (SP/MW)	Pending
TR0204	27/02/13	2.1.1	PARCA - National Grid NTS to confirm the rules around how flow rates link back to exit capacity.	National Grid NTS (SP/MW)	Pending
TR0205	27/02/13	2.1.2	PARCA - National Grid NTS to consider how incentives work where capacity is already available.	National Grid NTS (SP/MW)	Pending
TR0206	27/02/13	2.1.2	PARCA - National Grid NTS to consider the incentive trigger points, at what point does the measure get set and how National Grid earns the incentive.	National Grid NTS (SP/MW)	Pending
TR0301	07/03/13	3.3	<i>Scalebacks</i> – Provide an update on any recent events.	National Grid NTS (FH/PH)	Pending