

**Transmission Workgroup Minutes**  
**Thursday 07 April 2011**  
**ELEXON, 350 Euston Road, London NW1 3AW**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid NTS
Antonio Ciavolella	(AC)	BP Gas
Charles Ruffell*	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Christiane Sykes	(CS)	Statoil
Colin Thomson	(CT)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Jacopo Vignola	(JV)	Centrica Storage Ltd
John Costa	(JC)	EDF Energy
Julie Cox*	(JCx)	AEP
Lewis Hodgart	(LH)	Ofgem
Phil Broom	(PB)	GDF Suez
Phil Hobbins	(PH)	National Grid NTS
Rekha Theaker	(RT)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Richard Miller	(RM)	Ofgem
Simon Trivella	(ST)	Wales & West Utilities
Steve Pownall	(SP)	National Grid NTS

*\*via teleconference*

**1. Introduction**

*Copies of all papers are available at [www.gasgovernance.co.uk/tx/070411](http://www.gasgovernance.co.uk/tx/070411).*

TD welcomed attendees to the meeting.

**1.1 Review of Minutes of Previous Meetings**

IM (Ofgem) had requested changes to section 2.1 of the minutes of the Transmission Workgroup meeting held on 03 March 2011. The Workgroup considered the request and agreed the following change:

When asked for Ofgem's view in respect of this particular modification, IM ~~declared that the advice set out by Mark Cox could be disregarded and outlined that best practice suggested that the legal text should have been provided but as this modification was raised before December the modification could proceed without legal text having been considered by the Workgroup.~~

~~The Workgroup therefore~~ agreed to recommend it should proceed to consultation and the Workgroup Report, as amended during the meeting, was approved for submission to the Modification Panel.

The minutes of the meeting held on 03 March 2011 were then accepted.

## 1.2 Review of Outstanding Actions

**TR0202:** 0337 Business Rules 2.3 – Confirm if Ofgem approval is required for the Inter-day Linepack Methodology Statement.

**Update:** IM had provided a written update in advance of the meeting: “There is no express provision that requires Ofgem to approve the methodology. However, we would interpret C27 (1)(b) to mean that if we issued a Direction to the licensee to implement the product then by implication we would also be approving the associated methodology, and therefore any ensuing revision to the methodology may be vetoed by the Authority in accordance with the proposal.”

This response was briefly discussed and it was suggested that further clarity was required. In the meantime FH will consider Ofgem’s comments and revisit the proposal. It was agreed to close this action and open a new one. **Action closed**

**New Action TR0401: Clarify Ofgem’s interpretation of C27(1)(b) regarding an ongoing right of veto over changes to the IDLP Methodology Statement.**

**TR0301:** UNC0338 – Consider putting all changes/requirements associated with removal of the licence requirement from Traders into a separate UNC section, revise the modification and provide legal text together with explanatory commentary.

**Update:** PH reported that DC had not received any comments in response to the draft revised modification, published on 10 March 2011. Legal analysis was ongoing as to how to accommodate the changes required and DC will return to the May Workgroup with an update on which approach to legal drafting will be used. The legal text will not be ready for the Workgroup’s consideration before June. TD pointed out that an extension to the timetable for completing the Workgroup Report would therefore need to be requested from the Modification Panel. **Action carried forward**

**TR0302:** UNC0338 – Ascertain if Ofgem has formal information gathering powers under the current Shipper Licence, and also whether removal of the requirement to hold a licence would then negate any current formal sanctions open to Ofgem.

**Update:** RM reported that, although other powers might fall away, Ofgem would still have powers as a competition authority, and could call upon general competition law if necessary. CW believed that would only cover one element of what might potentially be required and suggested that Ofgem should be able to gather more information rather than less. There would be very little visibility, if any, as to a trader’s position, and this may be of concern, for example, with respect to security of supply issues. It was suggested that Ofgem might need to review what level of information might be required for it to make sound decisions, as this would seem fundamental to the ‘success’ of this modification. RM noted these points and said that he would feed back comments for further consideration. **Action carried forward**

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

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

CW asked for an update on the position in respect of Modification 0276 (Alternative User Pays approach to - UNC Modification Proposal 0263 - Enabling the Assignment of a Partial Quantity of Registered NTS Exit (Flat) Capacity) following Ofgem's direction to implement. FH stated that an implementation date was unlikely to be notified until there is a clear understanding as to how the associated costs will be funded. He believed that, since Ofgem had vetoed the proposed ACS change, there was no obligation to implement the modification. It was suggested that perhaps Ofgem should consider reassessing the position and advise the Workgroup of the expected way forward.

**Action TR0402: UNC0276 – Ofgem to clarify expectations regarding implementation of Modification 0276.**

### 1.4 Industry Updates

RM reported on recent Ofgem activities.

*Fleetwood Income Adjusting Event:* Consultation closed on 01 April 2011 and a decision is expected by 07 May 2011.

*Retail Market Review – findings and initial proposals:* Published 21 March 2011; closes 01 June 2011.

*Open Letter consultation - Setting new revenue drivers, updating existing revenue drivers and adding new exit points to the Gas Transporter Licence - consultation closes 20 April 2011.*

*Project TransMit – publication of the draft academic charging reports and next steps; consultation closes 11 April 2011.*

*Decision on strategy for next gas distribution price control – RIIO - GDI:* Outline of strategy published on 31 March 2011.

*Exit Capacity Substitution and Revision Methodology Statement:* Ofgem approved this on 04 April 2011.

*Rollover of TPCR:* Consultation document will be published this week.

*RIIO – National Grid Workshop 17 May 2011:* RT requested that details and papers be published in advance.

**Action TR0403: RIIO – Workshop 17 May 2011: Ensure that details and papers will be published in advance.**

## 2. UNC Modifications

### 2.1 Modification 0338: “Remove the UNC requirement for a ‘gas trader’ User to hold a Gas Shipper Licence”

See update under Action TR0301, above.

## 2.2 **Modification 0352: “The Introduction of an Interruptible Reverse Flow service at Moffatt Interconnector”**

FH reported that positive discussions had taken place but decisions were subject to regulatory approval. It was hoped to provide Suggested Legal Text to the June Workgroup for consideration. TD pointed out that an extension to the timetable for completing the Workgroup Report would therefore need to be requested from the Modification Panel.

Responding to a question from JC, FH confirmed that the modification was just addressing Day Ahead, mirroring the existing regime. JC then asked if it was compliant with the EU 3rd Package. FH did not believe it was inconsistent although not necessarily fully consistent. He explained that the proposed product could be provided quite quickly, and further development for EU requirements (if different, and which may require system developments) can be pursued subsequently as part of a wider package. JC remained concerned that this was inefficient compared to a single process to introduce all the required changes.

## 3. **Workgroups**

The following individual Workgroup meeting took place:

### 3.1 **0363 – Commercial Arrangements for NTS Commingling Facilities**

Minutes for this meeting are at [www.gasgovernance.co.uk/0363/070411](http://www.gasgovernance.co.uk/0363/070411).

## 4. **Issues**

### 4.1 **Connection Issues (0373)**

A new modification (0373 – Governance of NTS connection processes) has been raised by E.ON UK for consideration by the Modification Panel on 21 April. RF gave a presentation, summarising the background and the issues identified relating to the current NTS connections process. An overview of a “Straw Man” was then presented, outlining at high level a proposed process.

SP responded that a great deal of internal work had been carried out by National Grid and RF’s Straw Man appeared to cover most of what had been considered. He pointed out that developers were not signatories to the UNC and this may give rise to difficulties; agreements may have to be Shipper sponsored.

AR assumed that it would be introducing ‘light touch’ governance, supported by documents such as a Code of Practice and Guidelines. RF responded that there was a keenness to codify key steps, as there was concern that, despite assurances last year during the 0273 discussions and subsequently, there had been no actions to make any changes. AR questioned if behaviours would be expected to change if certain things were put into the UNC rather than in a Code of Practice.

RF recognised that this modification required further refinement and a greater understanding of what steps might be key and be placed into UNC and what might be better left in any supporting Code of Practice.

### 4.2 **Exit Capacity Issues (0376)**

A new modification (0376 – Increased Choice when applying for NTS Exit Capacity), has been raised by SSE. The Proposer would welcome any initial feedback before the April Panel considers it. LH questioned why the ad hoc

process was limited in the first place. FH believed that the application window was considered the more appropriate route and the ad-hoc process had been limited to encourage use of the main window while providing an extra opportunity.

## **5. Any Other Business**

### **5.1 Trade and Transfer**

FH reported that the annual review of the Transfer and Trade Methodology was due. Mindful that National Grid had agreed to look at shortening the timescales involved following the build up of experience in this area, it so far had no body of experience to call upon but was nevertheless intending to bring the whole process within one month, and there would be a statement within the consultation to that effect. The process will be shortened by 5-6 days; there is no industry impact other than to bring events closer to the time of use of capacity.

The change can be initiated at any time, and National Grid was thinking of June, but if the industry preferred to wait until after the consultation that could also be accommodated. The consultation will commence around 18/19 April 2011.

### **5.2 Deemed Applications**

ST suggested that consideration of this process under Exit Reform should be placed as an Issue on the next Transmission Workgroup agenda.

## **6. Diary Planning**

*Further details of planned meetings are available at: [www.gasgovernance.co.uk/Diary](http://www.gasgovernance.co.uk/Diary)*

The next Transmission Workgroup meetings are scheduled as follows:

- 10:00 05 May 2011, at ELEXON, 350 Euston Road, London NW1 3AW
- 10:00 02 June 2011, at ELEXON, 350 Euston Road, London NW1 3AW
- 10:00 07 July 2011, at ELEXON, 350 Euston Road, London NW1 3AW

**Action Log – UNC Transmission Workstream: 07 April 2011**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
TR 0202	11/02/11	2.3	0337 Business Rules 2.3 - Confirm if Ofgem approval is required for the Inter-day Linepack Methodology Statement.	Ofgem (IM)	Closed
TR 0301	03/03/11	2.2	UNC0338 – Consider putting all changes/requirements associated with removal of the licence requirement from Traders into a separate UNC section, revise the modification and provide appropriate legal text together with explanatory commentary.	National Grid NTS (DC)	Draft revised modification published for comment 10/03/11
TR 0302	03/03/11	2.2	UNC0338 – Ascertain if Ofgem has formal information gathering powers under the current Shipper Licence, and also whether removal of the requirement to hold a licence would then negate any current formal sanctions open to Ofgem.	Ofgem (DI)	Carried Forward
TR 0401	07/04/11	1.2	UNC0337 - Clarify Ofgem's interpretation of C27(1)(b) regarding an ongoing right of veto over changes to the IDLP Methodology Statement	Ofgem (RM/LH)	Carried Forward
TR 0402	07/04/11	1.3	UNC0276 – Clarify expectations regarding implementation of Modification 0276	Ofgem (RM/LH)	Update due 05 May
TR 0403	07/04/11	1.4.2	RIIO – Workshop 17 May 2011: Ensure that details and papers are published in advance.	National Grid NTS (FH/PH)	Update due 05 May