

**Workgroup 0363**  
**- Commercial Arrangements for NTS Commingling Facilities -**  
**Minutes**  
**Thursday 05 May 2011**  
**ELEXON, 350 Euston Road, London NW1 3AW**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Colin Thomson	(CT)	Scotia Gas Networks
Dora Ianora	(DI)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage Ltd
Jeff Chandler	(JC)	SSE
Jill Brown	(JB)	RWE npower
Julie Cox	(JCx)	AEP
Lesley Ramsay	(LR)	National Grid NTS
Lewis Hodgart	(LH)	Ofgem
Mike Wassell	(MW)	National Grid NTS
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDFSuez
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Sarsfield-Hall	(RSH)	Poyry Management Consulting
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Simon Trivella	(ST)	Wales & West Utilities
Stefan Leedham	(SL)	EDF Energy
Steve Pownall	(SP)	National Grid NTS

**1. Introduction**

*Copies of all papers are available at: <http://www.gasgovernance.co.uk/0363/050511>.*

TD welcomed attendees to the meeting.

**2. Review of Minutes and Actions from the previous meeting (07 April 2011)**

**2.1 Minutes**

The minutes were approved.

**2.2 Actions**

**0401:** Consider suggested revisions to modification, and produce a revised modification.

**Update:** Completed. **Closed**

### 3. Review of Business Rules and Legal Text

PH explained the revisions made to the modification following the discussion at the previous meeting, and confirmed that there was no User Pays impact nor additional costs.

RSH raised concerns regarding the creation of a new category of connection and an expectation that a commingling service could be delivered, which he felt might lead to unintended consequences. PH believed it would be naturally limiting to smaller projects fully conversant with the associated risks. In addition, it did not set a precedent for connecting to distribution networks. At previous meetings it had been noted that there was no demand on the DNs at present for this type of facility, notwithstanding that physical variables may work against such a premise (eg velocity of flow).

RSH pointed out that unconventional gas facilities could be developed over the next few years, and was concerned that acceptance of this modification could be raising expectations that any of these should be able to connect, ie access on equal terms. NW responded that acceptance of this modification did not mean that 'the door was not closed' to any other proposed project; each proposed connection would still have to meet certain criteria, and following consideration it may be that this might/might not be suitable due to a number of reasons such as location, pressures, speeds, etc. National Grid NTS was unlikely to make any investment based on pure expectation. GJ added that it had been confirmed previously that this was limited to the NTS at present, and expected that any subsequent projects, should they arise, will tease out any issues as it was likely that they may be subtly different and would be looked at on an individual basis. LH suggested that any solution should be able to deal with more than just a single instance. PH reiterated that if other projects were proposed and were able to fit within the definition, then they would be able to utilise the same arrangements. The facilities would be defined within the UNC because they are relevant to the commercial arrangements (the relevance of upstream activities was discussed at the previous meetings). PH was unable to envisage another type of facility that would exhibit exactly the same characteristics at this stage, and to make the definition much broader may potentially introduce exposure to unintended consequences.

RSH argued that the rules should have life beyond one project, and should still make it possible for these areas of the industry to develop, rather than force operation on a case by case basis. He indicated that there could be similar volumes of unconventional gas (as in the US market) arising in Europe, and was this a viable way to approach a number of such projects? PH responded that in the facilitation of this modification the industry was trying to give a positive opportunity to smaller projects, and a confident way forward.

TD summarised that the solution was available to all, on the NTS only. It was not exclusive to one particular project, and any project could take advantage of the proposed arrangements provided it met the criteria for doing so.

ST added that if this modification were successful, then the DNs would naturally consider any similar situations that may arise regarding their networks and take steps to address as appropriate.

Returning to consideration of the detail of the revised modification, PH indicated that he would be happy to amend or remove the statements under Advantages and Disadvantages if the Workgroup desired.

No further comments on the relevant objectives had been received since the last meeting.

Asked by CW if the modification would set out the timescales, PH responded that these would be part of the bilateral discussions. CW also queried whether it should be recognised that concerns exist elsewhere (under Modification 0373) regarding transparency of details relating to connections processes.

CW noted that there was likely to be time when a proposal to connect was refused, and suggested consideration of an appeals process in response to any such disappointed expectations. PH believed that the bilateral discussions with the developer would include any reasons and a full explanation of why a proposal had been refused.

**Action WG0501: Consider any further refinements to the modification, and produce revised modification if appropriate.**

### ***Legal Text***

#### **4. Completion of Workgroup Report**

PH now did not expect to be able to provide draft legal text until the August Workgroup meeting. TD pointed out that following the last meeting an extension had been granted to 21 July 2011, and a further extension would therefore need to be requested from the UNC Modification Panel.

Development of the Workgroup Report would be commenced following any further refinement of the modification.

#### **5. Any Other Business**

None raised.

#### **6. Diary Planning for Workgroup**

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

The next Workgroup 0363 meeting will be accommodated within the business of the Transmission Workgroup on Thursday 02 June 2011 at ELEXON, 350 Euston Road, London NW1 3AW.

**Action Log – Workgroup 0363: 05 May 2011**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
WG 0401	07/04/11	4	Consider suggested revisions to modification, and produce revised modification.	National Grid NTS (PH)	Closed
WG 0501	05/05/11	3	Consider any further refinements to the modification, and produce revised modification if appropriate.	National Grid NTS (PH)	