

Workgroup 0373
Governance of NTS connection processes
Minutes
Thursday 01 September 2011
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Andrew Fox	(AF)	National Grid NTS
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
David Corby	(DC)	National Grid NTS
Derek Jamieson	(DJ)	ESBI Investments
Dora Ianora	(DI)	Ofgem
Fergus Healy	(FH)	National Grid NTS
Fiona Gowland*	(FG)	Total
Gerry Hoggan	(GH)	ScottishPower
Jeff Chandler	(JC)	SSE
Jill Brown	(JB)	RWE Npower
Lewis Hodgart	(LH)	Ofgem
Mark Cockayne	(MC)	Xoserve
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Richard Fairholme	(RF)	E.ON UK
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Steve Pownall	(SP)	National Grid NTS

**via teleconference*

Copies of all papers are available at: www.gasgovernance.co.uk/0373/010911

1. Review of Minutes and Actions from previous meeting (04 August 2011)

1.1 Review of Minutes

Correcting the impression that may have been formed at the last meeting regarding the timing of the use of a revised Application Form, SP pointed out that he was actually looking to introduce the form by the end of the year.

The minutes of the previous meeting were then accepted.

1.2 Review of Actions

WG0604: Provide a connection process timeline from a GSOG perspective (JV).

Update: No further update. **Carried forward**

WG0801: Business Rules - RF to review the CUSC connection process to consider overlaps and best practice.

Update: RF advised that this was reflected in the revised modification. **Closed**

WG0802: RF to amend the business rules following the comments received during the discussion.

Update: RF advised that these were reflected in the revised modification. **Closed**

WG0803: Application Form - SP to identify which questions they consider to be mandatory and which advisable for pre-application study.

Update: SP advised that to date no comments had been received and no view formed. **Carried forward**

2. Discussion

2.1 Modification

A revised version had been published and RF outlined and explained the amendments made. He suggested that a separate meeting be arranged to review the business rules and (when available) the legal text in more detail. SP suggested that a different audience might be required to review and assess the practicalities. He added that National Grid NTS was outsourcing the provision of this legal text and was in the process of agreeing a contract; legal text would then be prepared, so it may be some time before it was ready for review.

After a brief discussion it was agreed that, although the ideal was to have everything ready at the same time, progress of the modification did not need to be held up if the offer structure or the ancillary documents were not ready.

2.2 Business Rules

The Business Rules were reviewed, with RF explaining the material changes made following the last discussion.

Paragraph 1.2 – The inclusion of additional parties (non Code signatories) was briefly discussed; to be reviewed/reworded.

Paragraph 1.8 – It was suggested that ‘making’ be changed to ‘preparing’.

Paragraph 2 – Consideration was given to whether it should be Fixed or Variable Fees, and whose choice should it be. Comparisons were made with the CUSC arrangements. A cap was suggested. NTS would have to set any fee at a level to recover costs; some costs would already be funded through other means. Geographical location is a cost driver and could be included in a fee matrix.

The modification does not specify charges, and it was assumed that National Grid would devise a suitable methodology (the disadvantage being that other parties may not be in a position to challenge this). LH questioned if using an averaged fixed fee might raise issues of cross-subsidy. NW pointed out that while this was no different to the existing situation, it was more a question on placing value on certainty and what was considered reasonable. RF reiterated that one of the main drivers for the modification was to achieve a greater measure of transparency and certainty.

TD suggested it would be useful to see a table of what might be on offer, ie types of fees. DJ agreed that a good understanding of costs and timescales was necessary. From the discussions it was clear that, depending on the industry

party, there were different perceptions of what constituted a simple or complex connection. Provision of a matrix to clarify categories of connection was suggested, and both NW and SP agreed to consider developing and providing a matrix for discussion so that differences in perception could be compared, understood and, if necessary, realigned.

Action WG0901: Business Rules (Paragraph 2) - Provision of a matrix to clarify categories of connection from a Shipper/developer perspective.

Action WG0902: Business Rules (Paragraph 2) - Provision of a matrix to clarify categories of connection from a National Grid NTS perspective.

FH suggested consideration might also be given to actions required in the event of further work/changes resulting in the potential reclassification of a connection from simple to complex.

At the conclusion of the discussion on this paragraph it was agreed that National Grid NTS should also develop a Variable Fee option for consideration.

Action WG0903: Business Rules (Paragraph 2) - Develop a Variable Fee option for consideration.

Paragraph 4.2 – RF suggested that “Greenfield Minimum Connection” might require clarification. SP believed this could be addressed within the matrix that would be provided.

Paragraph 4.4 – RF indicated that this paragraph was trying to achieve parity with CUSC. SP pointed out that the matrix would refer to 3, 6 and 9 months. RF pointed out that the modification does not make reference to 9 months. NR asked RF what was it that he intended Ofgem to do in response to a request? RF responded that he intended Ofgem should follow the same practice as it did in response to equivalent requests made under the CUSC. Examples of this were to be found in public documents on Ofgem’s website.

Paragraph 4.8 – RF explained the diagram. DJ suggested that it should say “up to 3 months” rather than just “3 months”, and perhaps this should also be reflected in all other references.

Paragraph 5 – SP questioned whether time limits should be imposed on a Modification to Offer; and post acceptance – should it be classed as a ‘new offer’ and the clock starts again?

SP also indicated that the area of Feasibility studies was to be reviewed.

3. Any Other Business

None raised.

4. Diary Planning for Workgroup

Details of planned meetings are available at: www.gasgovernance.co.uk/Diary

A further meeting will be arranged to review the Business Rules in more detail, either as a UNC Workgroup or an AEP meeting.

A draft Workgroup Report will be produced for review and comment in advance of the next meeting. Depending on the timing of legal text provision, an extension for the Workgroup Report submission date might need to be requested from Panel.

Action Log - Workgroup 0373

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0604	02/06/11	2.4	Provide a connection process timeline from a GSOG perspective.	Centrica Storage (JV)	Carried forward
WG 0801	04/08/11	2.1	Review the CUSC connection process to consider overlaps and best practice.	E.ON UK (RF)	Closed
WG 0802	04/08/11	2.1	Amend the business rules following the comments received during the discussion.	E.ON UK (RF)	Closed
WG 0803	04/08/11	2.2	Identify which questions they consider to be mandatory and which advisable for pre-application study.	National Grid NTS (SP)	Carried forward
WG 0901	01/09/11	2.2	Business Rules (Paragraph 2) - Provision of a matrix to clarify categories of connection from a Shipper/developer perspective.	Waters Wye (NW)	Pending
WG 0902	01/09/11	2.2	Business Rules (Paragraph 2) - Provision of a matrix to clarify categories of connection from a National Grid NTS perspective.	National Grid NTS (SP)	Pending
WG 0903	01/09/11	2.2	Business Rules (Paragraph 2) - Develop a Variable Fee option for consideration.	National Grid NTS (SP)	Pending