

**Workgroup 0373 Minutes**  
**Governance of NTS connection processes**  
**Thursday 06 October 2011**  
**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

Tim Davis (Chair)	(TD)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Charles Ruffell	(CR)	RWE npower
Chris Wright	(CW)	Centrica
Colin Thomson	(CT)	Scotia Gas Networks
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage
Jeff Chandler	(JC)	SSE
Julie Cox	(JCx)	AEP
Lewis Hodgart	(LH)	Ofgem
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	E.ON UK
Richard Jones	(RJ)	Xoserve
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Steve Pownall	(SP)	National Grid NTS
Tom Purchase	(TP)	National Grid NTS

*Copies of all papers are available at: [www.gasgovernance.co.uk/0373/061011](http://www.gasgovernance.co.uk/0373/061011)*

**1. Review of Minutes and Actions from previous meeting (01 September 2011)**

**1.1 Review of Minutes**

The minutes of the previous meeting were accepted.

**1.2 Review of Actions**

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

**Update:** JV gave a presentation addressing the connection process from a GSOG perspective and explained the associated timeline. **Closed**

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

**Update:** SP confirmed that this had not been completed but added that clarity would be provided. TD indicated that, since the final Workgroup Report had to be submitted on the following day, this action would remain incomplete but be closed. **Closed**

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

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

**Update:** A matrix was provided and SP explained the details, pointing out that indicative timescales had been included based on previous experience. The charging matrix will also be based on these categories.

JC questioned the definition of 'vicinity' and it was suggested that this might usefully be clarified. JCx asked where a commingling facility might sit within the matrix, and SP noted this for further consideration. Responding to questions from NW, SP went on to explain the tendering process, pointing out that there were only 5 design houses in the country. Some analysis must be carried out externally because of legacy issues with intellectual property rights, etc. Fixed prices could only be worked out as far as internal costs were concerned. Gas is different to electricity (40 in-house analysts) and tends to source externally when required.

NW suggested that some sort of guidance would be welcomed in relation to the criteria/definitions used. TD pointed out that that would sit outside of the Modification. **Closed**

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

**Update:** SP confirmed this was in the Modification. However, there were issues with the Fixed versus Variable Fees and this was under discussion. **Closed**

## 2. Consideration of Legal Text

RF explained the changes made to the Modification following comments received.

Responding to questions from JV, SP confirmed that reinforcement was not carried out until a capacity signal is received. Bilateral contracts will run alongside and funding of the work would therefore be potentially earlier than this. RF added that the User commits to paying National Grid NTS' fees, assuming that IPC planning consents are received; otherwise no project will happen. There was a discussion on the schedule of expected payments/timescales within the Connection Offers. JV raised concerns relating to degrees of certainty that might be reached at different points, and proceeded to give a presentation from the GSOG perspective (in response to Action WG0604), indicating the points at which he believed the commitments should be entered into and explaining why he held this view.

SP confirmed that it could take up to 7 years to complete the process (5 years for planning and 2 years build/construction). JV believed the whole governance process should be linked from one milestone to the next, with appropriate process exit points. SP pointed out that the Modification was only concerned with applying some timelines to the Application and Offer Process, whilst agreeing with JV's holistic view of the wider process. Depending on the outcome of RIIO, other modifications may be raised to address the wider issues that JV highlighted. The phasing of payments, etc, is covered within the bilateral agreements. SP offered to provide a timeline for a Connection Offer, including the breakout clauses for both parties, for review and comment.

NW suggested that National Grid NTS be incentivised in relation to performance to provide some sort of assurance that the process was being applied appropriately and meeting the expectations of all parties concerned. It was also

suggested that the process should include an action on National Grid NTS, at an appropriate point, to commence a dialogue with Ofgem on revenue drivers. SP noted this.

Discussions then ensued relating to commitments to capacity. JV was concerned that a User was committing to capacity before it could know that a project was going ahead. FH pointed out that a User was not forced to trigger the QSEC auction process. However, JV pointed out that certainty had to be offered to one's internal Board that everything could be met. FH noted that when capacity is offered, others bid for it. NW observed that it had to be bid for upfront, without having certainty of a completed connection – the lead-time is an issue. FH commented that National Grid NTS was looking to initiate work earlier so that capacity can be obtained in a shorter timeframe.

JV then displayed his timeline and explained his issues. Following a brief discussion it was believed that many of the issues identified by JV could be covered with the existing pre-works agreement approach – which sits outside the UNC. SP then confirmed that the framework of the Connection Offer would be codified, but not the Connection Offer itself.

### **3. Completion of Workgroup Report**

Following the above discussions, it was suggested that the Modification would benefit from being returned to the Workgroup for a further period of assessment, and that this recommendation should be made to the Panel. The Workgroup Report was completed and will be submitted to the October Panel on this basis.

### **4. Any Other Business**

None raised.

### **5. Diary Planning for Workgroup**

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

Further meetings will be arranged if the Panel agrees with the Workgroup's recommendation that this Modification be returned to the Workgroup for further assessment.

**Action Log - Workgroup 0373**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
WG 0604	02/06/11	2.4	Provide a connection process timeline from a GSOG perspective.	Centrica Storage (JV)	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)	Closed
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)	Closed
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)	Closed
WG 0903	01/09/11	2.2	Business Rules (Paragraph 2) - Develop a Variable Fee option for consideration.	National Grid NTS (SP)	Closed