

Workgroup 0373
Governance of NTS connection processes
Minutes
Wednesday 18 May 2011
AEP, 5-11 Regent Street, London SW1Y 4LR

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Colin Thomson	(CT)	Scotia Gas Networks
Derek Jamieson	(DJ)	ESBI
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
Natasha Ranatunga	(NR)	Ofgem
Nick Wye	(NW)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Rob Cameron-Higgs	(RCH)	Wales & West Utilities
Steve Pownall	(SP)	National Grid NTS

1. Introduction

Copies of all papers are available at: www.gasgovernance.co.uk/0373/180511

TD welcomed attendees to the meeting.

2. Review of Minutes and Actions from previous meeting

2.1 Review of Minutes

The minutes of the previous meeting were accepted.

2.2 Review of Actions

WG 0501: All to consider and detail what specific information/data should be provided to the customer in a proposed connection offer.

Update: It was agreed that this would be covered at subsequent meetings. SP pointed out that National Grid's lead time for delivering projects will be heavily dependent upon the amount of information provided to it.

Carried Forward

WG 0502: National Grid NTS (SP) to define nature and purpose (ie what it is, why and when it is needed) of the current Feasibility Study, Conceptual Design Study, and any other physical connections-related reports (eg "pre-feasibility").

Update: See item 3 below.

Closed

WG 0503: National Grid NTS (SP) to provide an update on the current status of the proposed 'generic revenue driver' issue.

Update: NR advised that Ofgem will issue a Section 23 consultation notice shortly regarding revenue drivers.

Closed

WG 0504: E.ON (RF) to provide an overview of the current connection process from a generator perspective (circulate process summaries prior to meeting).

Update: See item 3.1 below.

Closed

WG 0505: E.ON (RF) to provide for discussion/ development the potential categories of connection offer and associated timescales and costs.

Update: See item 3.2 below.

Closed

WG 0506: GSOG (JV) to provide an overview of the current connection process from a gas storage perspective (circulate process summaries prior to meeting).

Update: See item 3.3 below.

Closed

WG 0507: GSOG (JV) to provide a view on the preferred approach to connection offers (including potential timescales and costs) for gas storage connections.

Update: See item 3.3 below.

Closed

3. Discussion

3.1 Connection Diagram presentation

RF presented the diagram.

In considering the CCGT Development swim lane, it was questioned whether all planning consents would be in place by the FID (Final Investment Decision) – which was expected. SP suggested this highlights potential tensions between the timing of physical and commercial aspects of a project. Other matters, such as UNC requirements and demonstration dates, would also need consideration. NW emphasised that banks do not release funding until everything is in place. It was also emphasised that early provision by National Grid of available ramp rates and the actual geographical location of potential connection points is of great benefit to project development.

Considering how best to refine the process, it was suggested that enhanced clarity surrounding project lead times would assist in the financial decision - the timing of network reinforcement is key rather than the connection itself.

SP advised that National Grid is investigating options for what should, or should not be, included in feasibility studies. This includes the possible stripping out of CDS aspects, what connection offer items are required, the possible adoption of high level cost indicators and what delivery commitments (by National Grid) are appropriate to support the service along with identification of key progress indicators. However, he pointed out that examination of these matters had highlighted tensions between the DBA, CDS and feasibility studies. SP then agreed to present a strawman on the appropriate content of National Grid's feasibility studies.

Action WG 0508: National Grid (SP) to present views on the appropriate content of feasibility studies.

3.2 Potential Connection Offer Categories, Timescales and Cost presentation

RF presented initial thoughts on aspects of the offer process. In considering the time for providing offers of varying complexity, adopting a standard 3 month timetable was suggested, plus a further 3 month period being available if National Grid indicated that network reinforcement would be required. When asked, SP confirmed that reinforcement requirements take into account items such as security of supply, safety, other legislation and various commercial considerations.

SP was asked about the potential for reducing the lead-times associated with delivering projects and releasing capacity. SP agreed to elucidate the activities that contribute to the standard lead times. He also emphasised that informal discussions between interested parties helped the preparatory stages and informed subsequent timescales.

Action WG 0509: National Grid (SP) to present the activities involved in a typical 38 month lead-time project.

JCx suggested that a Pre-Works Agreement style approach could be adopted to help shorten and align timescales, with costs reimbursed at a later stage, subject to the project going ahead. NW advised caution around issues such as establishing the charging point, which effectively identifies the costs applicable to a specific project. Having said that, National Grid's design and build costs could be reimbursed regardless of the final outcome – the issue is how quickly the design and build stage can be completed.

JCx felt that network reinforcement is the time critical consideration rather than the connection itself. Once again, issues surrounding tensions between the physical and commercial (contractual) aspects of a project were acknowledged.

3.3 GSOG Suggestions

JV presented on behalf of GSOG. It was noted that available pressures might usefully be added to the list of information required to inform project development. FH advised that National Grid would need to understand the full range of requirements before being able to commit to their provision. One suggestion was for National Grid to provide a standard Tool Kit for connections, in order to assist parties in negotiating the processes involved. FH remained concerned about potential NG resourcing impacts and the suggested provision of indicative capacity charges as these may be misleading – a view shared by NW, who also warned against looking to re-write the current Entry/Exit obligations.

SP wondered if merging the CDS and feasibility study stages could go some way towards addressing concerns. Jcx suggested that defining what should be included within the Offer would improve the process. NW added that visibility surrounding when the exit/entry point trigger is instigated (by National Grid – Revenue Drivers) is also crucial. It was further suggested that inclusion of commercial requirements within the Offer would be beneficial.

In terms of timescales, FH pointed out that the 42 month QSEC auction timeframe reflects licence conditions. NW felt that seeking to change the licence would be inappropriate, preferring to adopt an auction-trigger - which could also trigger a revenue driver request to the Authority. NR reminded all that revenue driver requirements will be published as part of the proposed summer consultation, which is expected to include a Section 23 consultation.

SP advised that if parties provided an indication of their projected 1st Gas Day in applications, National Grid could assist them to understand the timeline

requirements. He agreed to include this in the presentation on timeline activities at the next meeting. It was also suggested that a better understanding of the engineering impacts would be beneficial, and the Workgroup could also consider adoption of a cut-down version of the CDS.

All agreed to consider (for discussion at the next meeting) what their respective Offer content and timeline requirements would be (Action 0501).

Questioned about the impact of multiple connection requests (in the same geographical location) that potentially change reinforcement requirements and how National Grid approaches these, SP agreed to investigate and report back at the next meeting.

Action WG 0510: National Grid (SP) to investigate how National Grid approaches the issue of multiple connection requests (in the same geographical location) which potentially change reinforcement considerations.

4. Any Other Business

None.

5. Diary Planning for Workgroup

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

The next Workgroup 0373 meeting will take place as part of the Transmission Workgroup meeting scheduled to commence at 10:00am on Thursday 02 June 2011 at Elexon, 350 Euston Road, London NW1 3AW.

Action Log - Workgroup 0373

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
WG 0501	05/05/11	5.	Consider and detail what specific information/data should be provided to the customer in a proposed connection offer.	ALL	Update to be provided at next meeting.
WG 0502	05/05/11	5.	Define nature and purpose (ie what it is, why and when it is needed) of the current Feasibility Study, Conceptual Design Study, and any other physical connections-related reports (eg "pre-feasibility").	National Grid NTS (SP)	Update provided. Closed
WG 0503	05/05/11	5.	Provide an update on the current status of the proposed 'generic revenue driver' issue.	National Grid NTS (SP)	Update provided. Closed
WG 0504	05/05/11	5.	Provide an overview of the current connection process from a generator perspective (circulate process summaries prior to meeting).	E.ON (RF)	Update provided. Closed
WG 0505	05/05/11	5.	Provide for discussion/ development the potential categories of connection offer and associated timescales and costs.	E.ON (RF)	Update provided. Closed
WG 0506	05/05/11	5.	Provide an overview of the current connection process from a gas storage perspective (circulate process summaries prior to meeting).	GSOG (JV)	Update provided. Closed
WG 0507	05/05/11	5.	Provide a view on the preferred approach to connection offers (including potential timescales and costs) for gas storage connections.	GSOG (JV)	Update provided. Closed
WG 0508	18/05/11	3.1	Present views on the appropriate content of feasibility studies.	National Grid NTS (SP)	Presentation due at June meeting.
WG 0509	18/05/11	3.2	Present the activities involved in a typical 38 month lead-time project.	National Grid NTS (SP)	Presentation due at June meeting.
WG 0510	18/05/11	3.3	Investigate how National Grid approaches the issue of multiple connection requests (in the same	National Grid NTS (SP)	Update to be provided at next meeting.

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			geographical location) which potentially change reinforcement considerations.		