

Transmission Workgroup Minutes

Thursday 01 October 2015

Energy Networks Association, 52 Horseferry Road, London SW1P 2AF

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Andrew Pearce	(AP)	BP Gas
Anna Shrigley	(AS)	Eni
Charles Ruffell	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
David Reilly	(DR)	Ofgem
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
John Costa	(JCo)	EDF Energy
John McNamara*	(JMc)	National Grid NTS
Julie Cox*	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Nicola Cocks*	(NC)	KPMG
Pavanjit Dhesi	(PD)	Interconnector UK
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme*	(RF)	E.ON
Steve Nunnington	(SN)	Xoserve
Sue Ellwood	(SE)	Gas Terra

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/011015>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Approval of Minutes from the previous meeting (03 September 2015)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

In this month's update, DR drew attention to the items relating to:

- Ofgem's approval of the arrangements for the implementation of the European Codes (ENCS) at Moffat.
- Ofgem's decision letter rejecting Modifications 0517, 0517a and 0517B (Review of the Supply Matching Merit Order in Setting Capacity Charges, etc). Responding to questions DR explained these had been rejected because insufficient analysis had been provided. JCo commented that an inclusion in the letter of a comparison by Ofgem of the existing arrangements and an explanation of why the analysis was not considered to be sufficiently robust would have been welcomed. DR gave a brief explanation, and appreciated the fact that the consideration of this area had raised other issues (outside of these modifications) and highlighted how sensitive certain areas are to what may initially be seen as small changes in the model. JCo reiterated that he still had concerns that the existing model was no longer appropriate. DR indicated that he would feed back the views expressed.

- Ofgem's decision letter approving Modifications 0498 and 0502 (Amendment to Gas Quality NTS Entry Specifications at BP and at the px Teesside System Entry Points). Ofgem had tried to address all the concerns expressed. National Grid NTS will be expected to monitor/review the effective date and raise a modification, if necessary, to revise this.
- Ofgem's decision letter approving Modification 0510V (Reform of Gas Allocation Regime at GB Interconnection Points); and
- Ofgem's approval of Interconnector (UK's) modified access rules.

Other items referred to and worthy of note (but not included in this published update) were Ofgem's decision on IAD compressors, confirming its previous 'minded to' decision not to approve application for added funds; and CNI disallowances. More detail on these items would be provided on next month's update.

1.3 Pre Modification Discussions

Addressing under-allocation of flows from BBL arising from misalignment of reference conditions (now raised as Modification 0560)

SE explained why this modification had been raised, outlining the proposed solution to correct the identified misalignments. PH affirmed that National Grid NTS would be raising a modification to move the date from 01 April 2016 to 01 May 2016.

It was observed that Shippers were now experiencing under allocation and suffering an imbalance. LJ suggested an assessment of both entry and exit (flows both ways) were required. Calculations were briefly discussed. A material amount of gas was affected by this misallocation and Shippers are losing gas. It was acknowledged that the problem had been identified in June and that National Grid NTS, at that time, had offered to work with any party who believed itself to be affected, to formulate a solution. It was recognised that the scale of the materiality had only recently started to become evident.

SE explained the perceived impacts of the misalignment and the possible solutions considered. Reconciliation via energy balancing neutrality (as a one-off offline adjustment) appeared to be the simplest and most efficient way to address the problem, i.e. a reconciliation to BBL Shippers to reflect the value of the under allocation.

Effects on Shrinkage were briefly discussed, and LJ suggested that National Grid NTS might consider providing a view on the impacts on Shrinkage and the Shrinkage Account. GJ queried if it might also affect Interconnector UK. JC queried if Xoserve changes would be needed, and observed that any element of retrospectivity needed to be considered in light of previous experience. SE indicated it should be viewed as more akin to a 'meter error', explaining it had been raised as a formal modification in advance of these Workgroup discussions, because there needed to be an awareness that it was an issue from today (01 October 2015) and should be viewed as a reconciliation. A calculation could be made for every day the error existed and a one-off adjustment could be made at the end of the agreed period. It was suggested that perhaps Ofgem could provide an initial view on any element of 'retrospectivity' at the October UNC Modification Panel meeting.

A proposed timeline for progression was displayed, and the possibility of requesting urgent status was considered. LJ explained the process and timescales that might apply if urgent status was requested and accepted.

Other queries were raised - were any additional costs to be taken into account, e.g. in relation to Shorthaul; and, what would be the overall impact of this modification on NTS Shippers as a whole. It was suggested that the volume issue, the cashout issues and the effect on various parties of any 'hidden' implications should be more clearly articulated; materiality assessments would be needed.

SE will consider what else might need to be included in the modification and reconsider the options for progression.

2. European Codes

General

There had been no changes to the Code Status Update information or the Road Map since the last meeting.

2.1 EU Tariffs Code (TAR NC) Update

CH gave a brief update on the current position and the latest timeline. ACER's recommendation (expected to be qualified) was due in early October. A schematic of the Comitology process and potential outcomes was displayed, and the changes to the voting system explained.

The difference between the other Codes and their implementation timescales were described. CH pointed out that if the date of 01 October 2017 remains in place, as envisaged by the Framework Guideline, there will be only 9 months to implement the TAR NC. Comparison was made with the calculation of implementation timings of the other Codes, and an approach was demonstrated that would align with ENTSOG's approach to those Codes. The Code has a requirement to consult, and the NRA has 3 months to make a decision. It will be sometime before it is known exactly what is to be implemented; the 2017 date is therefore quite challenging, and may get revisited. Debates will ensue once a stable text is available. CH believed the Tariff year would not be changed.

2.2 EU Incremental Amendment Update

This will follow the same timeline as the TAR NC. ACER has streamlined and improved the process (in GB terms it has moved closer to the PARCA). ENTSOG was considering the latest draft amendment. Consideration was still required regarding how incremental is offered at same time as available where former uses an alternative allocation mechanism, and concerns remain about the proximity of auction timings between annual and quarterly products.

2.3 Interoperability Code: Reference Conditions at the Moffat IP

PH confirmed that National Grid NTS wrote to Ofgem in August, requesting approval to continue with 15/15 reference conditions at the Moffat IP and this had been granted on 18 September 2015. National Grid NTS understands that the NI and ROI NRAs also intend to grant such approval to their TSOs.

2.4 Phase 2 UNC Modifications - Timescales

It was noted that the majority of the UNC modifications had now been approved, with Modifications 0546S and 0547S being approved for implementation on 09 October 2015.

PH reported that National Grid NTS would be raising some 'tidy up' modifications in relation to Modification 0519 (moving the date by a month) and Modification 0510 (the text - Agreements not consistent).

National Grid NTS had also agreed in principle with BBL to amend the oxygen limit (to comply with changes in Dutch law), and it was intended to raise an enabling modification to address this.

2.5 EU Gas Quality Harmonisation: CEN Standard Update

Observing that the British Standards Institute (BSI) had submitted a 'no' vote from the UK to CEN in respect of the proposed adoption of the H-gas quality standard PH outlined the rationale for the BSI's stance.

Given the lack of clarity, National Grid NTS agreed that the adoption of the standard at this time should not be supported. No NTS asset integrity issues have been identified with adoption of the standard. If the standard were to be adopted at some point, then National Grid NTS' current preference was for application to all System Points. It was noted that there was less risk of gas being delivered above such limits to IPs as a result of different contractual limits at other System Entry Points; and a greater risk that the position would be complicated by 'sensitive sites' if the application was not universal.

PH then outlined the next steps. If approved by Member States then adoption as CEN Standard would occur at the end of 2015, and the amendment process to INT Code would then take place in 2016. The Workgroup will be kept informed of progress.

In the meantime it was noted that DECC (Lois Clark) would welcome stakeholder views as soon as possible.

2.6 EU Phase 2 Implementation Update

PH confirmed that Ofgem approval had been received for the Interconnection Agreements (Moffat, IUK and BBL, and the Tripartite Agreement (Moffat).

Giving an update on Systems progress, JMc confirmed that all was on track for go-live of the new arrangements from 01 October 2015. All National Grid system code needed for 01 October go-live had been deployed. The testing of the kWh/d schema with PRISMA has commenced (code to be deployed mid-October).

A couple of issues had been identified, which JMc went on to explain in more detail. For a temporary period from 01 October 2015, no IP renominations would be possible on Gemini whilst the matching cycle is in progress (until Users have received Confirmed Quantities in Gemini). This time period varies by IP and is required to allow the system to match nominations. JMc advised that from testing with IUK and BBL, this tends to be a window of 15 minutes maximum past the hour; and from testing with GNI/PTL, this tends to be a window of 35 minutes maximum past the hour for the Moffat IP. Initial nominations will not be affected, nor will a first renomination submitted within day amending a D-1 initial nomination. AS observed that with EU nominations/renominations it was the same screen rather than two screens.

JMc affirmed that work was being done to resolve this issue, and National Grid NTS was expecting to implement a solution into Gemini within a few weeks of go live, subject to technical analysis. Users will be kept updated on progress via the EU Codes implementation webpage.

The second issue related to single-sided nomination (SSN) and double-sided nomination (DSN) Duplicates. JMc advised that PTL have developed their systems to allow SSN and DSN 'duplicates' (for the same IP, day and Shipper) to be placed for the same gas day, and observed that this has not been implemented by any other TSO (and for at least one (IUK) such nominations would be rejected). JMc confirmed that this functionality has not been implemented in Gemini and so cannot currently be undertaken. Gemini does not recognise same party nominations - a party can do either, but not both at the same time. National Grid NTS was reviewing this issue with the Regulators and will keep Users informed of progress.

Action 1001: SSN and DSN Duplicates - National Grid NTS to provide a view on what the rules demand and what the functionality allows.

EU Webpage

JMc reported that the EU Implementation webpage was now up and running, and would provide a good source for an overview of changes and recent communications and updates. <http://www2.nationalgrid.com/uk/industry-information/europe/eu-project---implementation-information/>. Depending on the level of its importance, information may also be issued via

ANS and the JO email route.

General

AS asked JMc to consider extending the window for the User Testing Environment, because of several problems with the 'lock out' time; she had been receiving conflicting messages from the Gemini team regarding faults. JMc would see what could be done to facilitate this request.

Action 1002: *User Testing Environment window* - National Grid NTS to consider extending the window and advise Shippers.

3. Workgroups

3.1 0553 - Removal of National Grid LNG Storage UNC TPD Section Z obligations and associated references

Minutes of this meeting are located at: www.gasgovernance.co.uk/0553/011015.

4. Issues

None raised.

5. Any Other Business

5.1 Funding, Governance and Ownership (FGO) of Xoserve - Update

NC gave a presentation, running through the key points at high level. Thanking parties for attending the recent Stakeholder event, and drawing attention to 'Ofgem's review of Xoserve's FGO arrangements - Stakeholder Guide', NC encouraged parties to focus on page 20 and feedback any questions or concerns to KPMG. Xoserve Business Plan Principles have been approved and will be made available shortly.

Detailed FGO deliverables continue to be developed by the FGO workgroups, and NC encouraged parties to attend the next Charging and Cost Allocation session on 16 October 2015, or provide their views in advance. A brief overview was provided of the progress made within each of the other FGO workgroups.

Depending on the detail available NC may circulate/present an outline of a draft modification to the next Workgroup meeting

Questions were raised in respect of contracts. NC affirmed that Xoserve and Ofgem were working closely with Dentons on the requirements that would obligate parties to sign up/contracts to be in place, and what transition arrangements were needed to get signed contracts back by 01 April. It was noted that not all parties were engaged yet. The criticality of the April date was driven by Ofgem's requirements that a fully co-opted model be in place by 01 April 2017. Charging arrangements will not change until 2017, but the intent is to get as much as possible in place before then (in 2016), leaving some time to address any refinements that are needed.

Concerns were expressed at the fairly compressed timescales, and LJ advised that he had already questioned how major parts could be implemented without the Code modification first being in place.

A further update will be expected at the November Transmission Workgroup meeting.

5.2 Interconnector UK (IUK) Charging Methodology Consultation

In a brief presentation PD outlined the timetable for the consultation and publication of the charging methodology and the annual tariffs.

The reasons for change and the proposed amendments to the IUK 2016 Charging Methodology were explained. PD indicated he would be happy to meet with parties to discuss any queries or concerns.

The consultation is open from 29 September 2015 - 27 October 2015 and parties were encouraged to respond.

6. Outstanding Actions

TR0901: EU Security Supply Alert - Establish and confirm how GB Network Gas Supply Emergency Stages/actions map to/interact with the EU Security Supply Alert.

Update: Information provided and published at www.gasgovernance.co.uk/tx/011015.
Closed

7. Diary Planning

Agenda items (and any associated papers) for the November meeting should be submitted to the Joint Office by Tuesday 27 October 2015.

It was likely that separate arrangements will be made following UNC Modification Panel's assessment of the new modifications (referred to at 2.4, above) that are being submitted for its consideration this month. The details will be notified once confirmed.

2015

Time/Date	Location
10:00, Thursday 05 November 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 03 December 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

2016

Time/Date	Location
10:00, Thursday 07 January 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 04 February 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 03 March 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 07 April 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

10:00, Thursday 05 May 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 02 June 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 07 July 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 04 August 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 01 September 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 06 October 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 03 November 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
10:00, Thursday 01 December 2016	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Action Table (01 October 2015)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0901	03/09/15	5.2	<i>EU Security Supply Alert</i> - Establish and confirm how GB Network Gas Supply Emergency Stages/actions map to/interact with the EU Security Supply Alert.	National Grid NTS (CHe)	Closed
TR1001	01/10/15	2.6	<i>SSN and DSN Duplicates</i> - National Grid NTS to provide a view on what the rules demand and what the functionality allows.	National Grid NTS (JMc)	Pending
TR1002	01/10/15	2.6	<i>User Testing Environment window</i> - National Grid NTS to consider extending the window and advise Shippers.	National Grid NTS (JMc)	Pending