

Transmission Workgroup Minutes

Thursday 02 April 2015

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

Attendees

| | | |
|-----------------------------|-------|--------------------------|
| Les Jenkins (Chair) | (LJ) | Joint Office |
| Mike Berrisford (Secretary) | (MB) | Joint Office |
| Andrew Pearce | (AP) | BP |
| Anna Shrigley | (AS) | Eni |
| Charles Ruffell | (CR) | RWEST |
| Colin Hamilton | (CH) | National Grid NTS |
| David McCrone | (DM) | Ofgem |
| David Reilly | (DR) | Ofgem |
| Debra Hawkin* | (DH) | TPA Consultants |
| Ethel Afrane | (EA) | National Grid NTS |
| Fergus Healy | (FH) | National Grid NTS |
| Francisco Gonçaves | (FG) | Gazprom |
| Gerry Hoggan | (GH) | ScottishPower |
| Graham Jack | (GJ) | Centrica |
| Jeff Chandler | (JC) | SSE |
| John McNamara | (JM) | National Grid NTS |
| Julie Cox* | (JCo) | Energy UK |
| Kirsten Elliott-Smith | (KES) | Cornwall Energy |
| Mark Lyndon | (ML) | National Grid NTS |
| Marshall Hall | (MH) | Oil & Gas UK |
| Natasha Ranatunga | (NR) | EDF Energy |
| Nick Wye | (NW) | Waters Wye Associates |
| Nigel Sisman | (NS) | sisman energy consulting |
| Phil Broom | (PB) | GdF Suez |
| Rachel Hinsley | (RH) | Xoserve |
| Richard Fairholme* | (RF) | E.ON |
| Ric Lea | (RL) | Deloitte |
| Rudi Streuper* | (RS) | BBL |
| Sayf Al-Hadi | (SA) | Centrica |

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/020415>

1. Introduction and Status Review

Opening, LJ explained that this is the first of the reconstituted Transmission Workgroup meetings since the cessation of the European Workgroup.

1.1 Review of Minutes from the previous Transmission Workgroup meeting (05 March 2015)

The minutes of the previous meeting were accepted.

1.2 Review of Minutes and Actions from the previous European Workgroup meeting (05 March 2015)

The minutes of the previous meeting were accepted.

The outstanding actions of the European Workgroup meeting (05 March 2015) were reviewed, as follows:

EU0201: System Developments/User Trials - Confirm if API access is to be tested.

Update: JM confirmed that this action was covered within the presentation provided under item 2.2 below. **Closed**

EU0202: *Systems Development Communications* - Provide an industry engagement plan and a high level overview of progress.

Update: JM confirmed that this action was covered within the presentation provided under item 2.2 below. **Closed**

EU0301: *Moffat IP* - National Grid NTS (PH) to clarify:

1. how the Moffat IP exit capacity baseline would be treated
2. if two bundling products might be required
3. whether there might be less capacity available on the Irish side of Moffat IP than on the NTS side.

Update: FH provided an onscreen review of the 'Action EU0301 Moffat IP Clarification' presentation that has been compiled following discussions with his colleague, P Hobbins.

During consideration of the 'Shipper Products – NBP-NI + NBP-ROI' slide, FH advised that in theory this would be completed via a competitive auction process (subject to scarcity of capacity at the time) within PRISMA.

Moving on to consider the 'Moffat – Available Capacities' slide, FH explained that this is based on the three states prior to Modification 0500 'EU Capacity Regulations – Capacity Allocation Mechanisms with Congestion Management Procedures' provisions coming into effect. He also confirmed that under CAM provisions 20% technical capacity would be withheld.

In considering the 'Capacity Measures Moffat IP' slide, FH explained that these factors are potentially mitigated by tools available to National Grid NTS for managing the mismatches in capacity.

Closing, FH requested that should any party have any questions, they should direct them to him outside of the meeting. **Closed**

1.3 Ofgem Send Back of UNC Modifications 0501 0501A 0501B 0501C

LJ advised that Ofgem had recently issued a [letter](#) on 01 April 2015, entitled *Authority decision to direct that UNC modification proposals 0501/A/B/C 'Treatment of Existing Entry Capacity Rights at the Bacton ASEP to comply with EU Capacity Regulations' are revised and resubmitted*.

LJ explained that, as Ofgem is to conduct an Impact Assessment (IA) for this suite of modifications, they (the modifications) are not implementable in their current forms due largely to QSEC related timing impacts. The last date in which to launch the IA is 19 May 2015, and this would take the form of a 'hybrid' process which will see the IA start whilst the modifications are amended, with the UNC process completing ahead of the IA consultation end date.

FH explained that National Grid NTS is assessing changes to 0501 to focus on the timeline impacts – they hope that they can make the process work by compressing some of their (process) elements with the minimal impact on the Shipper timeline aspects, though this is yet to be confirmed. National Grid NTS would be issuing communications at each stage in the process advising on how long each is expected to take.

DM confirmed to those present that the 18 June 2015 date referenced in the Ofgem letter is the latest date that Ofgem wishes to work to. He suggested that an early view of the legal text changes might enable Ofgem to make an earlier IA decision and that they would be happy to work with both the Proposers and the UNC Panel in order to get a better understanding of any possible amendments.

LJ undertook a brief onscreen review of a possible timeline and supporting approach whilst pointing out that the Panel would need to vote on whether or not any proposed amendments to the modifications are material or immaterial in nature (in essence, would the proposed changes potentially alter the original representations submitted) – a Workgroup recommendation on this is of paramount importance.

In looking to schedule a 0501 Workgroup meeting at the earliest opportunity, it was agreed to look to book a meeting, preferably at a London location on Monday 20 April 2015.¹

1.4 Ofgem Update

In this month's update, DR was asked whether or not Ofgem was *in purdah* in making its decisions this week.² Responding he suggested that whilst this is true it does not prevent certain UNC modification-related decisions being made.

1.5 Pre Modification Discussions

None.

2. European Codes

2.1 EU Codes update (TAR and INC)

CH gave an overview of the onscreen presentation during which he confirmed that with regards to the 'ENTSOG Explanatory Document, it is looking increasingly likely that ACER would now submit the TAR NC to EC with a 'qualified recommendation' and that this would more likely become resolved in Comitology.

Moving on to look at the 'EC would also consider output from the PwC Impact Assessment, broad scope with TAR NC assessed against a number of options' bullet point, CH suggested that the output from this may or may not be made public.

In considering the 'EU Tariffs Code Update: Key points' slide, CH suggested that it looks likely that bullet point one would happen and believes that the fixed price option (bullet point 2) is a contentious area based around a compromised incremental capacity solution.

As far as the two definitions for the allocation of costs are concerned, the Transmission Services one caters for most of the TSO elements and is fundamentally capacity and distance driven, as per ACER aspirations. CH is unclear if having two definitions works as well as had been intended. He pointed out that at the previous days ACER meeting, ACER had made it clear that they do not like the utilisation of commodity for allocating costs.

Moving on to briefly consider the 'cost allocation methodologies text clarified' bullet point, CH suggested that alternate codes from the associations could / would remove the need for a review by the EU. He also pointed out that the 5th cost allocation methodology had now been removed.

CH suggested that the 'Commercially sensitive information aligned to EC 715/2009' bullet point represents an information transparency win that removes TSO restrictions. It also enables the TSOs to challenge the process/information.

As far as the 'Interruptible capacity tariffs retain option of ex-post plus ex-ante discounts' bullet point is concerned, CH suggested that this is now looking to be both elements which TSOs are pushing hard for.

¹ Post meeting note: a room has been booked at Energy UK, Charles House, 5 – 11 Regent Street, London. SW1Y 4LR for Monday 20 April 2015.

² '*in purdah*' – is typically the six week period before the scheduled election where Civil Servant's activities are restricted.

Moving on to consider the 'Phase 2 UNC Modifications' table, CH noted that the next 0525 Workgroup meeting is scheduled to take place on Monday 13 April 2015 at the National Grid Office, 31 Homer Road, Solihull.

2.2 EU Implementation Programme - System Developments Update

JM gave an overview of the onscreen presentation explaining that this is simply a refresher as little has changed.

In considering the 'What are the System impacts?' slide and specifically the APIs bullet point, JM advised that these are directly linked to the equivalent European ones.

In looking at the 'User Trials are planned for August 2015' bullet point, JM agreed to double check whether or not PRISMA functionality would be included.

New Action TX0401: National Grid NTS (JM) to confirm whether or not PRISMA functionality would be included in the August 2015 User Trials exercise.

Moving on to consider the 'Gas Day Transition – Implementation' slide, JM confirmed that whilst National Grid NTS is basing the testing on the assumption that all GB parties impacted by the gas day legislation would align to a 5-5 gas day, he is aware that some parties may not be ready in time for the 01 October 2015 implementation date.

In recognising that DECC is chairing an industry workgroup to develop a solution for managing the change, concerns were voiced around what is expected to happen in the event that the process is delayed and what contingency arrangements would be put in place. In providing a brief update on the possible option for addressing this potential issue, MH indicated that a minimum number of parties need to be involved which, in his view, is more than the number which have currently expressed an interest. Currently the projected costs are circa £0.5 million. MH then went on to request that any interested Shippers should please contact him as soon as possible, before pointing out that even if a service is developed, it may not be ready in time for the 01 October 2015 date.

JM advised that National Grid NTS are looking at possible contingency requirements and agreed to provide further clarity around the possible 5-5 allocation aspects at the next meeting.

New Action TX0402: National Grid NTS (JM) to explain what/how contingency arrangements might work, relating to the new Gas Day.

New Action TX0403: National Grid NTS (JM) to confirm whether or not a further 'Open Day' is planned by the National Grid NTS EU Business and Systems Delivery Team.

JM now handed over to FH to provide a brief update on the 'Interconnector Agreement Consultations' slide.

During a brief discussion, LJ advised that he believes that an Ofgem decision on UNC Modification 0493 'EU Gas Balancing Code – Daily Nominations at Interconnection Points (IP)' is imminent, as previously indicated at the March Panel. He then pointed out that UNC Modification 0510 'Reform of Gas Allocation Regime at GB Interconnection Points' is currently out for consultation with a close out date for submission of any representations of 24 April 2015 - this modification could have a late June, early July Panel decision.

2.3 Matters Arising

None.

3. Workgroups

The following Workgroup meetings took place:

3.1 0533S - Corrections to Network Entry Provisions in the National Grid NTS-BBL Interconnection Agreement
(Report to Panel 21 May 2015)
<http://www.gasgovernance.co.uk/0533>

3.2 0534S - Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points
(Report to Panel 18 June 2015)
<http://www.gasgovernance.co.uk/0534>

4. Issues

None.

5. Any Other Business

LJ advised that a couple of late AOB items had been submitted by National Grid NTS and Energy UK for consideration at the meeting.

5.1 Capacity Release in Constraints - Update

FH gave an update on progress explaining that National Grid NTS' Market Operation are looking to issue ANS messaging for quantity amendments for auctions. These (ANS message) notifications will notify that quantities are to be restricted.

National Grid NTS intends to review the matter again once the EU initiatives work is completed.

When asked whether this relates to the previous SMPS issue rejected by Ofgem, FH made reference to the ANS provisions for Entry Capacity Methodology Statement (2013). He reminded everyone present that there is no obligation on National Grid NTS to undertake this, but they (NG) are looking to provide the information anyway.

When asked, those in attendance agreed that this matter is now closed and can be removed from the agenda.

5.2 Energy UK Overview of SMPS Rejections

JC drew attention to the SMPS rejections and a lack of clarity around related communications before suggesting that the visibility of decisions relating to processes and methodologies that sit outside of Code modifications are weak. She went on to ask whether or not a calendar that identifies 'key' decision dates (e.g. substitution requests issued by NG and thereafter received by Ofgem etc.) could be provided. In acknowledging the points raised by JC, DR pointed out that as far as Gas Transmission items and issues are concerned, he believes that these matters are already published on Ofgem's web site, as it is seen as a Code and Licence related issue.

New Action TX0404: Energy UK (JC) to provide a list of areas of concern relating to SMPS rejection (visibility related) issues to Ofgem.

New Action TX0405: Ofgem (DR), National Grid NTS (FH) and Energy UK (JC) to liaise and seek to resolve issues and concerns relating to visibility of SMPS rejection communications, and an apparent lack of visibility of information.

5.3 FGO Update

JC suggested that as there is rather a lot of extensive industry work ongoing at this time, an update on the FGO matter over the next few months would / could prove beneficial.

New Action TX0406: National Grid NTS (FH) to request that S McGoldrick provides a brief FGO presentation (15 minutes maximum), at a future Transmission Workgroup meeting in May/June time.

5.4 Consultation on the Implementation of CAM & CMP on the BBL Interconnector

LJ explained that this matter had been tabled by M Hatch, National Grid NTS to highlight that the related documentation has been published today:

<http://www.bblcompany.com/about-bbl/consultations>

6. Diary Planning

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

| Date | Location |
|----------------------------|---|
| Thursday 07 May 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 04 June 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 02 July 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 06 August 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 03 September 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 01 October 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 05 November 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |
| Thursday 03 December 2015 | ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF |

Action Table

NB: Responsibility for Actions EU0201, 0202 and 0301 was transferred to Transmission Workgroup, following closure of the European Workgroup on 05 March 2015

| Action Ref | Meeting Date | Minute Ref | Action | Owner | Status Update |
|------------|----------------------------------|------------|---|---|-----------------------------------|
| EU0201 | 05/02/15 (European Workgroup) | 6. | <i>System Developments/User Trials</i> - Confirm if API access is to be tested. | National Grid NTS (HU) | Update provided. Closed |
| EU0202 | 05/02/15 (European Workgroup) | 6. | <i>Systems Development Communications</i> - Provide an industry engagement plan and a high level overview of progress. | National Grid NTS (EA) | Update provided. Closed |
| EU0301 | 05/03/15 (European Workgroup) | 6.1 | <i>Moffat IP</i> - National Grid NTS (PH) to clarify: <ol style="list-style-type: none"> 1. how the Moffat IP exit capacity baseline would be treated; 2. if two bundling products might be required; and 3. whether there might be less capacity available on the Irish side of Moffat IP than on the NTS side. | National Grid NTS (PH) | Update provided. Closed |
| TR0401 | 02/04/15 | 2.2 | To confirm whether or not PRISMA functionality would be included in the August 2015 User Trials exercise. | National Grid NTS (JM) | Pending |
| TR0402 | 02/04/15 | 2.2 | To explain what/how contingency arrangements might work, relating to the new Gas Day | National Grid NTS (JM) | Pending |
| TR0403 | 02/04/15 | 2.2 | To confirm whether or not a further 'Open Day' is planned by the National Grid NTS EU Business and Systems Delivery Team. | National Grid NTS (JM) | Pending |
| TR0404 | 02/04/15 | 5.2 | To provide a list of areas of concern relating to SMPS rejection (visibility related) issues to Ofgem. | Energy UK (JC) | Pending |
| TR0405 | 02/04/15 | 5.2 | To liaise and seek to resolve issues and concerns relating to visibility of SMPS rejection communications, and an apparent lack of visibility of information. | Ofgem (DR), National Grid NTS (FH) & Energy UK (JC) | Pending |
| TR0406 | 02/04/15 | 5.3 | To request that S McGoldrick provides a brief FGO presentation (15 minutes maximum), at a future Transmission Workgroup meeting in May/June time. | National Grid NTS (FH) | Pending |