

**Transmission Workgroup Minutes**  
**Thursday 03 November 2016**  
**at Elexon, 350 Euston Road, London NW1 3AW**

**Attendees**

Chris Shanley (Chair)	(CS)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Aoife McNally*	(AN)	National Grid NTS
Andrew Pearce	(AP)	BP Gas
Angharad Williams	(AW)	National Grid NTS
Charles Ruffell	(CR)	RWE
Colette Baldwin	(CB)	E.ON UK
Colin Hamilton	(CH)	National Grid NTS
David Eastlake	(DE)	Interconnector
Gerry Hoggan	(GH)	ScottishPower
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
Guy Hannay-Wilson	(GHW)	Chevron Products UK Limited
Irina Oschepkova	(IO)	ENTSOG
Jeff Chandler	(JCh)	SSE
Jenny Philips	(JP)	National Grid NTS
Jen Randall	(JR)	National Grid NTS
Julie Cox	(JC)	Energy UK
Justin Goonesinghe*	(JG)	National Grid NTS
Lauren Moody*	(LMo)	National Grid NTS
Les Jenkins	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Mads Damsø Nielsen*	(MDN)	DONG Energy
Matthew Hatch	(MH)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phillip Hobbins*	(PH)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Richard Miller*	(RM)	Ofgem
Sean Hayward	(SH)	Ofgem
Sean McGoldrick	(SM)	National Grid NTS
Steve Pownall	(SP)	Xoserve

\*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/031116>

**1. Introduction and Status Review**

CS welcomed all to the meeting, especially the new guest Irina Oschepkova from ENTSOG, who is joining the meeting to get a 'feel' for a GB gas market style meeting that involves participants from all corners of the industry.

**1.1 Approval of Minutes from the previous meeting (06 October 2016)**

The minutes of the previous meeting were approved.

**1.2 Ofgem Update**

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In providing a brief overview of the Ofgem update, SH explained that the future insights programme constitutes a horizon scanning exercise whilst the final two items on the update relate to RIIO innovation scheme funding.

### 1.3 Pre Modification Discussions

#### 1.3.1. CO<sub>2</sub> level at S<sup>t</sup> Fergus Terminal

AP explained that BP Gas is currently considering raising a modification to look into increasing the CO<sub>2</sub> level at the S<sup>t</sup> Fergus (old TOM) terminal to 6.5%. The aim is to provide a draft modification for consideration at the 01 December Transmission Workgroup meeting.

## 2. European Codes

### 2.1 EU Codes update

CH gave a brief overview of the current position of the EU Codes, including timelines and the implementation dates.

#### *General Update*

CH advised that he expects that the 'Code Status Update' table would be modified in future versions of the update, alongside a more detailed review of the 'Road Map'. MH also pointed out that the 'Gas Codes Timeline' would now be updated inline with CAM and TAR impacts for next months update. CH highlighted that a future update would include further details of the EU phase 4 system implementation and MH indicated that CAM preliminary system development discussions with Xoserve would also be commencing shortly.

#### *EU Tariffs Code Update*

CH advised that there are various supporting materials relating to the EU Tariff Code already published on the Joint Office web site. He went on to highlight that as far as the October 2016 finalisation of the translation is concerned, whilst this is to all intent and purpose, the final version it might still undergo some tweaking to address typographical and grammatical errors.

In considering the Madrid Forum information on slide 9, discussions centred around the limited opportunity for stakeholder input. AP highlighted that the introduction of code modification process had also been discussed at the forum and suggested that adoption of a model similar to the UNC modifications process for Code changes could / would be beneficial. CH also pointed out that work remains ongoing on phase 2 of the tariff rules development. When JC advised that recruitment of consultants to look at potential market aspects is underway, CH suggested that this could see previously de-scoped items being reinstated as in scope in due course.

Moving on to consider the ENTSOG activity slide, CH advised that the EU Tariff Code implementation document is currently being prepared whilst the implementation workshop seeks to deliver a 'common understanding' for impacted / interested parties. He also advised that the aim is too avoid making the document overly prescriptive, as it is simply a support document to enable Member States to have a better understanding of the EU Tariff Code.

Looking at the ENTSOG implementation timeline on slide 12, CH explained that not all aspects are relevant to the GB gas market.

#### *EU CAM Amendment & Incremental Update*

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MH opened discussions on this part of the presentation by explaining that this matter is associated with the three new UNC Modifications (0597, 0598 and 0599) launched at the 20 October 2016 UNC Panel meeting.<sup>1</sup>

MH went on to request that parties register their interest in getting involved in the development of the CAM modifications by ensuring they attend the first consolidated Workgroup meeting scheduled to take place on Tuesday 15 November 2016 at the Energy UK office in London.

MH pointed out that whilst 01 April 2017 remains the Entry into Force date, some elements would need to be introduced ahead of this date.

Moving on to consider the recent legal text changes relating to capacity calculation and maximization (slide 16), MH indicated that whilst there are no obvious direct impacts on Code text, he did believe that the impact of these changes might result in a need to amend modification 0597 at some point in the future.

MH suggested that the move from 2 to 5 gas years identified within the auction calendar changes (slide 17), is unlikely to be an issue for the GB gas market. He then explained that the rolling auctions would commence August and that more detail around the process dates is provided within UNC Modification 0597.

In considering the alignment of terms and conditions (slide 19), MH once again suggested that this has minimal impact on the GB market and is aimed more at other Member States.

MH then advised that as far as the capacity conversion article 21 was concerned, the ENTSOG Workgroup is looking to clarify the matter in more detail and once this has been completed, a new UNC modification could result.

Moving on to consider the market demand assessment article 26 statement (slide 22), MH advised that this relates to concerns raised around the misalignment of aspects of the current version of CAM and the newer v2.0.

MH explained that the proposed changes for the alternative allocation mechanism (slide 23), allow National Grid NTS to continue to utilise the PARCA process. However, it should be noted that NTS concerns around point 5 have unfortunately only been partially addressed and discussions with Ofgem on these matters will be initiated shortly. When asked whether or not these changes would potentially increase PARCA costs, MH advised that this would be considered in due course. Parties pointed out that a 110% capacity allocation would be needed if the NRA sought to set aside 10%.

Moving on, MH suggested that the transitional arrangements (slide 24) are not really a GB market concern.

In considering the interruptible related changes (slide 25), MH felt that the deletion of the term 'only' potentially allows GB to provide / offer Day Ahead interruptible capacity 'as-is', but did point out that this would be the subject of Workgroup considerations. LM also suggested that long term and day ahead products are 'covered off' sufficiently.

## **2.2 EU Gas Quality update**

PH provided a brief overview of the National Grid NTS 'EU Gas Quality Update' slides from within the main presentation pack.

Focusing attention on slide 27 relating to the extensive discussions around the CEN Standard EN 16726, PH suggested that the announcement not to pursue legally binding provisions on this matter at this stage, was an unexpected (favorable) decision.

Moving on to consider the implementation of the CEN Standard via INT Code (slide 28) points, PH explained that the ENTSOG impact analysis would continue and would take

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<sup>1</sup> Copies of the CAM modifications and their supporting meeting materials are available to view and/or download from the Joint Office web site at: <http://www.gasgovernance.co.uk/0597/151116>

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into consideration any stakeholder feedback. As far as the National Grid (draft) response published alongside the other materials for this meeting, no responses / comments had been forthcoming to date. PH then provided a short detailed explanation behind the 'IPs only' statement.

Concluding discussions, when JC advised that the GSMR consultation would commence shortly, JR advised that the Energy Networks Association (ENA) is expected to issue the consultation by the end of the week and that Robyn Jenkins is the National Grid NTS lead contact should anyone require any additional information.

### 3. Workgroups

#### 3.1 Modification 0600S – Amend obligation for the acceptance of EPDQD revisions made after D+5

The minutes of the meeting are available at: <http://www.gasgovernance.co.uk/0600/031116>

The Workgroup's Report is due to be made to the December UNC Modification Panel.

### 4. Issues

#### 4.1 ISS066 – Implications of decommissioned Exit/Entry points

CS advised that there was no specific update on this issue at this time and that the item would remain on the agenda for the time being.

### 5. Any Other Business

#### 5.1 Xoserve Funding, Governance and Ownership (FGO) – Update

SMc provided a brief update on the presentation, explaining that there was two alternates (0565A and 0565B) to Modification Proposal 0565 and the only difference was the Transporter voting arrangements for the proposed Change and Contract committees. The main purpose of the Modifications was to introduce the Central Data Service Provider (CDSP) and the Data Service Contract (DSC).

SMc then explained that unless anyone has any specific questions he was not proposing to go into a detailed assessment of the high level UNC changes identified on slides 7 through to and including 16.

The following discussions were undertaken on a by exceptions basis:

##### *TPD Section V*

SMc explained that as far as Users acceding to the DSC was concerned, this is expected to take place early 2017, and certainly in advance of the 01 April 2017 commencement date.

As well as a requirement for Users to accede to the DSC, Trader Users were also required pay a new IX maintenance charge (circa £7 - £10k p.a. in total) – it is expected that Xoserve would be discussing this matter with impacted parties in due course.

When asked whether “**Trader Users**” (an amended defined term due to the introduction of the DSC) classification includes non DN connected parties (i.e. Shippers who only have customers connected to the NTS), SMc confirmed that the definition includes ALL Trader Users.

##### *TPD Section X*

It was noted that whilst the CDSP Credit Committee would include Transporters in order to establish a 'balanced' membership model, the EBCC remains Transporter free. Where necessary, both committees are able to escalate (refer) unresolved issues to the Uniform Network Code Committee for resolution.

*Independent Gas Transporters Arrangements Document (IGTAD)*

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It was noted that this is predicated on the Project Nexus Implementation Date (PNID) being 01 June 2017.

#### *Modification Rules*

In considering that the CDSP would be able to raise Modification Proposals to amend the DSC in specific cases, SMc explained that this provision is restricted to detailed ('boiler plate') only changes as the main aim is to keep the majority of changes to the DSC outside of Code governance in order to avoid the lengthy time delays associated with the formal UNC processes.

When asked, SMc confirmed that in future a UNC modification could be raised to change the DSC but that all other DSC change processes must have been investigated first. LJ suggested that in that case, as long as any draft modification had already been discussed at the Change Managers Group level, the Joint Office would be happy to formally accept and process the modification accordingly – an approach supported by those in attendance at the meeting.

#### *General Terms: Section C*

SMc explained that excluding the CDSP from being treated as an affiliate is looking to avoid Xoserve being pressured / influenced by external bodies, from a contractual perspective.

#### *New Section D (CDSP and UK Link)*

SMc explained that the CDSP will be a "Not for Profit" organisation, whilst the CDSP would be able to set a margin as part of its budget, it could not then pass this on to its shareholders. CB added that the initial margin would be allowed to enable the CDSP (Xoserve) to build up sufficient cash flow to operate effectively.

In considering the 'What next?' slide, SMc indicated that the majority of the legal text changes are of a reference change nature (e.g. replace GT with CDSP) before going on to explain that the provisions move the industry away from the existing Transporter driven provisions, to an industry driven provision.

As far as Xoserve's 2017 Business Plan preparation is concerned, it is expected that the plan would be finalised in December 2016 before being formally signed off in January 2017.

When asked whether or not there would be any proactive industry engagement on these matters, SMc advised that both Xoserve and KPMG have already written out to impacted / interested parties and that all information (other than confidential / commercially sensitive in nature) would be made available in due course.

When asked whether or not it is now too late for parties legal team to review the contract, SMc pointed out that this has already been the subject of extensive industry debate in various forums. CB supported this view by also providing a detailed explanation behind the KPMG approach to engagement with the industry – as a next stage in the process, a Questions & Answers session is planned to take place at Dentons office in London on Monday 14 November 2016.

It was pointed out that should a party choose not to accede to the DSC, they would be excluded from the market (including Code provisions).

LJ pointed out that as part of the formal UNC consultation process on Modifications 0565 0565A and 0565B, parties would be asked to state a preference with regards to the Transporter voting arrangements for the proposed Change and Contract committees (only difference between the proposals).

LJ pointed out that there is a special Panel teleconference on Friday 04 November 2016 to consider the outcomes / recommendations of the 0565 0565A 0565B

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Workgroup Report and whether it is appropriate to issue the modification(s) for consultation.<sup>2</sup>

When asked whether or not this standing agenda item could now be closed, Workgroup participants agreed that it could.

## **5.2 Gas Future Operability – for awareness**

LMO provided an overview of the 'Gas Future Operability Planning 2016' presentation during which she explained that whilst the focus is on potential network impacts, National Grid NTS would welcome industry feedback on any aspect; scenarios, assumptions, analysis, etc..

In considering the GFOP 2016 Key Messages, LMO explained that National Grid would be looking to quantify the changing energy landscape points in order to better meet their customer's expectations.

When asked how the information provided aligns with the equivalent electricity operability framework (including solar innovations, wind generation forecasting etc.), LMO advised that whilst she has discussed the matter with her electricity colleagues, she can confirm that National Grid NTS have not at this time, based their forecasting analysis / assessments around a known v's unknown perspective – more detail would be forthcoming in a future update.

When asked about embedded generation and how it could potentially impact on the DNs utilisation of flexibility, LMO advised that National Grid NTS perceive this as being part of Demand Forecasting and is on the radar as part of the information gathering exercise in Q1 2017 – a high priority consideration.

Whilst National Grid NTS has not included consideration of their possible future contracting requirements with storage facilities, it accepts that it could possibly include this at a later date, with one possible route being via the future energy analysis provisions.

It was noted that the remainder of the slide pack is provided for information purposes only.

## **5.3 Negative Implied Flow Rate**

JR provided an overview of the 'NIFR' presentation during which attention focused on the three key components associated with option 7, during which JR advised that it is hoped that a high level indication of the system changes, costs and timescales would be provided by Xoserve in the next week or so and the detail would be made available by NTS through an email communication from the Joint Office.

During a quick review of the 'Impact on Interconnectors' slide, JR explained that following a teleconference meeting with the Irish contingent, she feels that they are now happy to adopt a similar model to the IUK / BBL one supplemented by some changes to the communications mechanisms.

## **5.4 Future of Gas Seminar**

MH quickly introduced the schedule for the forthcoming seminar. When it was pointed out that this potentially clashes with the 29 November 2016 CAM Workgroup meeting, MH agreed to investigate whether or not the CAM meeting date could be rescheduled.

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<sup>2</sup> Post meeting note: the 04 November 2016 Panel members accepted the 0565 0565A 0565B Workgroup Report recommendations and issued the modification(s) out to consultation – close out for consultation responses being no later than 17:00 hours on Thursday 08 December 2016.

**6. Review of Actions Outstanding**

No outstanding actions to consider.

**7. Diary Planning**

*Further details of planned meeting are available at: <http://www.gasgovernance.co.uk/Diary>*

Agenda items (and any associated papers) for the 01 December 2016 meeting should be submitted to the Joint Office by close of play on 22 November 2016.

Time/Date	Location
10:00, Thursday 01 December 2016	Elexon, 350 Euston Road, London NW1 3AW

**Action Table (03 November 2016)**

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			None		