

Transmission Workgroup Minutes
Thursday 04 February 2016
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Andrew Malley	(AM)	Ofgem
Anna Shrigley	(AS)	Eni
Colin Hamilton	(CH)	National Grid NTS
Fergus Healy	(FH)	National Grid NTS
Gareth Davies	(GD)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
Jennifer Randall*	(JR)	National Grid NTS
John Costa	(JCo)	EDF Energy
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Mike Berrisford (Secretary)	(MB)	Joint Office
Peter Bolitho	(PB)	Waters Wye Associates
Phillip Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Roddy Munroe	(RM)	Centrica Storage
Sean McGoldrick	(SMc)	National Grid NTS
Steve Nunnington	(SN)	Xoserve
Terry Burke	(TB)	Statoil

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/040216>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Approval of Minutes from the previous meeting (07 January 2016)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Introducing this months update, AM drew attention to the recent Authority decision to approve UNC Modification 0504 'Demand Side Response (DSR) Methodology Implementation' before confirming that he would provide an updated presentation in due course.¹

1.3 Pre Modification Discussions

No business for discussion.

¹ Post meeting note: a revised version of the Ofgem Update presentation was published immediately after the meeting at: <http://www.gasgovernance.co.uk/tx/040216>

2. European Codes

CH provided an overview of the 'European Update' presentation and explained that a revised presentation would be provided after the meeting.

2.1 General Update

CH explained that work on the timeline remains ongoing and the end dates for the Tariff (TAR) and Incremental Capacity might change in due course. Thereafter, there were no comments raised relating to this matter by those in attendance.

2.2 EU Tariffs Code Updates

As far as the recent meetings are concerned, CH explained that the 25 January 2016 (Trilateral) meeting did not take place due to comitology process related delays. When asked, CH also explained that whilst the Impact Assessment (IA) is a public domain document, the actual commission internal document would only be published when the text is formally published.

CH provided an explanation behind the ENTSOG / ACER drafting changes process which has now culminated in a request from the commission for a more high level (less technical) based overview. The proposed February date for the English text being published in the comitology register is now looking in doubt. In respect of the informal "quasi-comitology" meeting in March, delays in completing the IA may result in the finalised English text not being available for March – expectation is for a one month slippage.

In considering the 'Implementation timescales' slide, CH confirmed that comitology will decide the actual timeline and concerns have been voiced that the proposed 12 month timescale is not creditable.

CH explained that the ACER non-binding opinion and guidance had been to subject of an extensive debate at a recent meeting. As far as the guidelines for good practice point is concerned, this relates more to how parties value their respective assets, rather than how they actual calculate the TSO revenue.

In considering the 'Publication of Tariff Information' slide, CH advised that the indications so far suggest that this is not going to be an overly large piece of work and could possibly include capacity / commodity related information etc.

CAM Amendment (Incremental) Update

Focusing attention on the incremental process and March 2017 auction bullet points, CH explained that these are still subject to further considerations / debates. Furthermore, the Quarterly Auctions are moving out to August.

When asked, CH explained that National Grid NTS would be meeting with Ofgem to discuss these matters in more detail and he would look to provide an update in due course.

EU Gas Quality Update

In providing a brief overview of this part of the presentation, PH explained that following the recent Madrid meetings the European Commission (EC) considered several items, with the main request being to make the CEN gas quality standard legally binding.

When some parties voiced their concerns (highlighted as part of the IA) around the proposed approach, PH explained that ENTSOG has challenged the EC on how issues are addressed throughout the process.

In considering the 'Timetable: ENTSOG's Initial Thoughts' slide, several parties voiced their concerns around the tight timescales being proposed, as they believe that this potentially limits stakeholder interaction / input. In acknowledging that this is a key implementation issue, PH could not give any guarantees at this stage that this would be resolved to everyone's satisfaction. PH went on to state that he would be pushing

hard for issues to be raised through the stakeholder engagement process – it was suggested that fundamental challenges might be best tabled by the stakeholders themselves, rather than ENTSOG per se.

Some parties felt that the EC should be made aware that it is highly likely that there is going to be a significant GB stakeholder ‘kick back’ on these matters.

Moving on to consider the ‘National Grid NTS Views’ slide, PH explained that stakeholder views around the potential impacts would be sought via a formal consultation process, accompanied by workshops, and would be expected to encompass industry wide views (i.e. Upstream / Downstream associations, ENTSOG, Eurelectric and TSO’s etc.) – in other words, as wide a group as possible.

PH pointed out that National Grid would find it difficult to support any proposals that potentially put the GB supplies at risk, and believes that other parties are best placed to undertake assessment of these concerns (i.e. gas flows; entry / exit delivery related impacts; peak flows etc.). When it was suggested that historical entry point data has already been analysed in support of several UNC modifications in recent times, National Grid NTS (PH/FH) agreed to look into producing analysis that would show what volume of gas would have been locked out of GB in the last 12 months if the CEN standard had been applied at all NTS entry points, assuming base levels of O₂ and CO₂.

National Grid NTS were also asked to consider the potential for consequential effects on transportation charges if supply patterns changed – again, National Grid NTS agreed to look into whether or not they could accommodate the request.

In moving on to considering the ‘EU Gas Quality: Harmonisation of Wobbe Index’ slide, PH advised that the CEN scope was published in the last few days and he would look to provide a link for inclusion in the minutes². He went on to explain that there are two phases proposed; pre-normative and normative – the former of which would last for 3 years. A document would be provided for publication on the Joint Office web site in due course.

New Action TR0201: Reference EU Gas Quality Update - National Grid NTS (PH/FH) to consider producing analysis that would show what volume of gas would have been locked out of GB in the last 12 months if the CEN standard had been applied at all NTS entry points, assuming base levels of O₂ and CO₂.

New Action TR0202: Reference EU Gas Quality Update - National Grid NTS (PH/FH), in conjunction with action TR0201, to consider the potential implications for transportation charges if supply patterns changed due to gas with higher levels of CO₂ and O₂ being locked out.

EU Phase 3 Project Update

Attention focused on the ‘B2B Overview Slide’ during which PH explained that, as far as the AS4 B2B gateway (facilitated via Gemini) is concerned, arrangements are currently on a TSO to TSO basis, although this will be expanded to TSO to Shippers communications for nominations (via ‘integrated’ or ‘web services’ communications). Some parties requested that this new method of data exchange matter could be expanded to include non-IP’s, as some believe that this is potentially a better solution than the current IX solution.

When asked whether or not National Grid NTS would be able to run both the IX and Edigas systems alongside each other, FH suggested that whilst theoretically possible, costs could prove prohibitive. It was also noted that not all parties wish to lose access to the Gemini system anyway.

² Post meeting note: see <http://www.gasgovernance.co.uk/tx/040216> for a copy, published 05 February.

EU Phase II Lessons Learned

Focusing on the 'Proposed Way Forward' slide, PH advised that the EU Phase III aspects are expected to be a less fundamental impact on Shippers than EU Phase II. At this point, CH added that EU Phase IV is expected to be a bigger piece of work.

2.3 Matters arising

There were no matters for consideration at this meeting.

3. Workgroups

0568 – Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer.

Minutes of this meeting are located at: <http://www.gasgovernance.co.uk/0568/040216>

4. Issues

4.1 ISS066 – Implications of decommissioned Exit / Entry points (*transferred from NTSCMF*)

It was agreed to defer consideration until the next meeting.

5. Any Other Business

5.1 Xoserve Funding, Governance and Ownership (FGO)

SMc provided a brief overview on this part of the presentation.

The main focus of discussions centred on the 'Modification 0565' slide, during which SMC suggested that it would be beneficial to ensure that more balanced industry participation takes place (i.e. including both Transmission and Distribution aligned industry parties). In acknowledging that this would / could potentially improve matters, it was noted that parties are extremely resource constrained during this busy industry period and that once information around the Xoserve cost breakdown is clear, more engagement may ensue.

SMc explained that the Xoserve cost breakdown aspects are currently being discussed with Ofgem and are possibly going to be on a Transporter / Non Transporter based approach (i.e. cutting up the cake differently – possibly involving new pass through arrangements + Shipper direct costs etc.). He also added that National Grid Transmission has challenged the 'status quo' and requested provision of more granular costing information.

When asked, SMC explained that Xoserve's costs are not expected to increase significantly and the matter boils down to how the costs are to be split – the GT Licence consultation is focusing on how Transporters implement / facilitate the changes. It should be borne in mind that Xoserve is a not for profit body with no benefit being passed on to the Transporter shareholders.

SMc went on to confirm that the aim from April 2017 is to have a balanced Shipper / Transporter Xoserve Board. In answer to a question about where parties should be focusing, LJ referred to the high-level milestone plan suggesting that, whilst the governance aspects were important, parties might consider that the change- and contract-related aspects are a good area to consider on the basis that this was likely to affect decision-making about how systems were developed.

Some early concerns were voiced around possible contractual requirements (i.e. sign on for existing Shippers which is deemed more problematic than for a new Shipper) in a future world.

5.2 Review of NTS Shrinkage Incentive Methodology Statement

During a brief review of the presentation, FH advised that the NTS Licence required a review of this statement and the slides were intended to be a heads-up that it was coming. Participants confirmed that they would like to hear more about the subject at

the next meeting, ahead of the expected March industry consultation. However, should anyone wish to discuss the detail prior to this, please feel free to contact Chris Aldridge / Andy Bailey (contact details in the slide pack).

FH agreed to arrange a more detailed briefing for the March meeting.

5.3 National Grid NTS Events Calendar (potential)

In providing a brief update of the presentation, PH indicated that NTS had received feedback that industry would value a detailed events calendar, which might show all NTS consultations, events, decisions etc. Participants agreed this would be a positive move and PH invited specific feedback from the Workgroup about what should be included to the email box account in the slides. When asked, PH was unsure of the implementation timescales and format.

New Action TR0203: Reference National Grid NTS Events Calendar (potential) – National Grid NTS (PH/FH) to provide an update on implementation plans.

5.4 Guides to Capacity and Energy Balancing

PH advised that NTS were developing guides for these complex subjects, which were intended to be freely available for parties to use as training guides, refreshers etc. When asked, PH advised that it was envisaged that they would be published for parties to review and then optimised based upon views received.

5.5 System Flexibility

FH suggested that this topic had 'gone quiet' and enquired whether participants would like an update; this was felt to be a worthwhile exercise for the March meeting.

JC briefly mentioned that NTS might consider providing workshops covering the 10 year statement update, where National Grid is heading, and how it is expected to get there.

5.6 Update on NG Team Structure

PH provided a quick overview of the new National Grid NTS Market Change - Gas organisational structure.

5.7 Joint Governance Arrangements Committee Minutes

JC raised a concern relating to the recently published Joint Office JGAC minutes, citing a potential impact on London meeting venues. In short, there is a concern that the information suggests a reduction in London meetings, mainly on cost grounds – whilst the Joint Office saves on its costs, the industry may well see an increase in its costs should the majority of meetings take place outside London in future.

Responding, LJ provided a brief background to the Joint Office budget, confirming a provisional 40% increase in meetings-related costs for the coming year. He reminded participants that he had previously advised the current constraints that the JO faces in sourcing viable London meeting rooms. Having lost access to the ENA, it was critical that the other two venues, Elexon and EnergyUK, were not inundated. LJ went on to explain that the JO remains committed to finding a solution that meets the majority of the industry's requirements in a cost effective and balanced way.

To date the JO have contacted 47 London locations to seek suitable alternative venues and costs were indeed higher at these. One particular problem being encountered was in the provision of good teleconferencing and internet access, which is considered to be essential for workgroups. LJ repeated earlier requests that parties should advise the JO if they are aware of good meeting facilities. Further information is expected once the JO completes its review exercise.

LJ also pointed out that there are as many industry participants that prefer an out of London venue (i.e. Solihull) as there are that prefer a London location – as always, it is a fine balance between accessibility, cost and facilities.

5.8 Gas Forum Cessation End of Q1 2016

RF highlighted that the Gas Forum effectively ceased operations in January 2016 and will be wound up at the end of Q1 2016. This had a subsequent impact on the Panel / Committee elections / appointments process due to its role as the 'Designated Person'. RF went on to advise that the matter had been discussed at a recent UNC Panel meeting and a letter sent to Ofgem as a consequence.

LJ noted that it is a matter for Ofgem to consider, as it is their sole responsibility to appoint a suitable replacement.

6. Outstanding Action(s)

TR0101: *Reference EPDQD revisions after D+5* - National Grid NTS (AW) to consider the various options raised at the workgroup and to attend a future Transmission workgroup with a proposed solution.

Update: GD advised that National Grid NTS had discussed the matter with Ofgem who have since requested more information. National Grid will be seeking information from individual parties in due course. **Carried Forward**

TR0102: *Reference REMIT Requirements Update* - National Grid Gas (CL/FH) to look to provide a list of alternative RRM service provider contacts.

Update: FH advised that having investigated the matter within National Grid, there was little appetite to ring around the potential service providers, especially when there are three companies that can already provide a RRM service.

National Grid anticipates issuing a EIC Codes and PRISMA related communication within the next week or so. **Closed**

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 March meeting should be submitted to the Joint Office by close of play on Tuesday 23 February 2016.

Time/Date	Location
10:00, Thursday 03 March 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 07 April 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 05 May 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 02 June 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 07 July 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 04 August 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 01 September 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 06 October 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 03 November 2016	Elexon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 01 December 2016	Elexon, 350 Euston Road, London NW1 3AW UK

Action Table (04 February 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
TR0101	07/01/16	5.4	<i>Reference EPDQD revisions after D+5 - National Grid NTS (AW) to consider the various options raised at the workgroup and to attend a future Transmission workgroup with a proposed solution.</i>	National Grid NTS (AW)	Carried Forward
TR0102	07/01/16	5.5	<i>Reference REMIT Requirements Update - National Grid Gas (CL/FH) to look to provide a list of alternative RRM service provider contacts.</i>	National Grid Gas (CL/FH)	Closed
TR0201	04/02/16	2.2	<i>Reference EU Gas Quality Update - National Grid NTS (PH/FH) to consider producing analysis that would show what volume of gas would have been locked out of GB in the last 12 months if the CEN standard had been applied at all NTS entry points, assuming base levels of O2 and CO2.</i>	National Grid NTS (PH/FH)	Pending
TR0202	04/02/16	2.2	<i>Reference EU Gas Quality Update - National Grid NTS (PH/FH), in conjunction with action TR0201, to consider the potential implications for transportation charges if supply patterns changed due to gas with higher levels of CO2 and O2 being locked out.</i>	National Grid NTS (PH/FH)	Pending
TR0203	04/02/16	5.3	<i>Reference National Grid NTS Events Calendar (potential) – National Grid NTS (PH/FH) to provide an update on implementation plans.</i>	National Grid NTS (PH/FH)	Pending