

Transmission Workgroup Minutes

Thursday 05 February 2015

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

Attendees

Les Jenkins (Chair)	(LJ)	Joint Office
Lorna Dupont (Secretary)	(LD)	Joint Office
Amrik Bal	(AB)	Shell
Anna Shrigley	(AS)	Eni
Charles Ruffell	(CR)	RWEST
Colin Hamilton	(CH)	National Grid NTS
Craig Dyke	(CD)	National Grid NTS
David Mitchell	(DM)	National Grid LNGS
David Reilly	(DR)	Ofgem
Ethel Afrane	(EA)	National Grid NTS
Francisco Gonçaves	(FC)	Gazprom
Graham Jack	(GJ)	Centrica
Harkamal Ubhi	(HU)	National Grid NTS
Joel Martin	(JM)	Scotia Gas Networks
Julie Cox	(JCx)	Energy UK
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Nick Wye	(NW)	Waters Wye Associates
Phil Broom	(PB)	GDF Suez
Phil Lucas	(PL)	National Grid NTS
Rachel Hinsley	(RH)	Xoserve
Ric Lea*	(RL)	Deloitte

*via teleconference

Copies of papers are available at: www.gasgovernance.co.uk/tx/050215

1. Introduction and Status Review

1.1 Review of Minutes and Action from the previous meeting (08 January 2015)

1.1.1 Minutes

The minutes of the previous meeting were accepted.

1.1.2 Actions

TR0101: *Capacity Release in Constraints* - Consider and provide an update (at the March meeting) on National Grid NTS' initial views on how this might be taken forward.

Update: Response to be made at the March meeting. **Carried forward**

1.2 Ofgem Update

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

- *Gas Transmission Charging Review: Part II* - Ofgem's assessment of potential impacts. An open forum will be held on 25 February 2015 for any questions and clarifications regarding the initial assessment of impacts set out in this document. This will take place at Ofgem in London - to register contact Gas.TransmissionResponse@ofgem.gov.uk. JCx asked for more details and DR will confirm the location/time/duration of the meeting.

Action TR0201: Gas Transmission Charging Review Open Forum (25 February 2015) - Confirm details of location/time/duration.

- Agreement on NGGT's proposed approach for incremental capacity at the March 2015 QSEC auction.

1.3 Pre Modification Discussions

None raised.

2. Workgroups

No business to discuss.

3. Issues

3.1 New Issues

None.

4. Any Other Business

4.1 Compressor Replacement Strategy and the Industrial Emissions Directive (IED) - Update

CD gave a short presentation, reporting that this was nearing the end of the programme. The proposals will be published on 13 March 2015. This will provide opportunities for parties to provide comments to National Grid NTS, and will be followed by a stakeholder workshop on the 19 March 2015, which will cover feedback from stakeholders, the decisions made and the rationale, costs, etc.

More legislation is expected from the EU over the next year. There will be an hour-long session on 19 March to start to discuss system flexibility to identify/understand what problems there might be that need to be resolved. A London location for this meeting is likely, with an anticipated start/finish of 10:00 - 13:00.

CD then gave an overview of the key themes that had emerged from the initial consultation, and summarised how National Grid NTS was aiming to address the points raised. CD thanked the Workgroup parties for providing feedback to inform the decision-making for the compression fleet, and to ensure improvements were made to the process to make it run better.

NW asked how system flexibility would fit, how big was the challenge? Were there options to maintain or enhance? Could the problem be articulated, e.g. within day swings, etc? CD responded that a solution could involve investment, or rule change, or any other appropriate means. NW voiced concerns that the system/User needs/flexibility demands for the future were unknown but the answers, which might be commercial and/or infrastructure decisions, might have to be made now. JCx was concerned that flexibility had not been dealt with earlier; it seems to be in a 'holding pattern' for the present (not worse). Observing that options need to be kept open, CD indicated that there was a need to be able to bridge; the proposals will make the position clearer. CD confirmed that baselines would not be affected.

There will be a four-weeks consultation (to mid-April) following which the final proposals will be submitted to Ofgem. Decisions will be published on the National Grid website (excluding any confidential information).

4.2 Avonmouth LNGS early closure consultation – issues arising

Two responses (NTS and SGN) to the consultation had been made available on the Joint

Office website (www.gasgovernance.co.uk/tx/050214). DM indicated that a final decision would be made by March.

JM summarised Scotia Gas Network's (SGN's) interest in what was decided at the Avonmouth facility and why the movement of the cessation date was proving to be such a problem. SGN was in discussion with Ofgem regarding an enduring solution for its customers and the sourcing of an alternative LNG supply. Some sources are precluded because of gas quality issues, therefore SGN was looking at a permanent solution involving nitrogen ballasting; this was quite complex to do and would take a long time to complete; timescales had been based on the previous assumptions and assertions that it would close in 2018. Reducing the closing period of the Avonmouth facility magnifies this problem significantly and creates a security of supply risk for customers.

As an alternative, and in the event that reliance must be placed on other sources, the possibility of exemptions from GS(M)R was under discussion with the HSE; if this was not possible then gas outside of specification would force a shutdown to supplies to prevent a breach of legislation.

CD explained the rationale for the NTS decisions made in respect of Avonmouth. Analysis of the costs, benefits and risks had confirmed the decision not to build a reinforcement pipeline. Operating Margins gas was procured from Avonmouth and new providers needed to be encouraged in this area. By 2018 demand starts to drop off, but monitoring of any big projects in the area will be continued.

LJ asked what the implications might be if the Avonmouth facility was not closed early. DM responded that no parties currently have LNG services there, but there is an amount of stock held in the tanks that would normally accommodate SIU supplies in times of plant failure. Avonmouth is at the end of its operating life (it is safe but unreliable); it is not a pure regulated asset, and it would need a market-based mechanism to revive it. DM explained the risks inherent in the key components. The cessation of services next year is the only pragmatic approach to limit the increasing risks. JM observed there was still a risk relating to gas quality from other sources; any long term plan for customers requires greater guarantees/certainty. The issue is how to accommodate the interim period between the closing of Avonmouth and when the nitrogen ballasting can commence operation - this is likely to be 2-3 years. The remaining stock is not sufficient to cover this period.

DM agreed there was a common interest in not leaving customers without supplies. However, the liquefaction process is frequently at the point of failure and this is just formalising an ending that may actually occur at any time.

JM confirmed SGN had considered other options and time/costs (originally it had been working towards 2018 - the previous close down date); the issue is really the earlier closure, moving from 2018 to May 2016, and the derogation on the Wobbe from the HSE.

JM made reference to a project looking at widening the GS(M)R. JM will work with the HSE on an exemption to do this; there is a timetable to engage with the HSE and testing on SIU network to provide a body of evidence to inform a decision on exemption.

5. Diary Planning

Agenda items (and any associated papers) for the March meeting should be submitted to the Joint Office by 24 February 2015.

UNC Transmission Workgroup meetings will immediately follow the proceedings of the UNC European Workgroup unless otherwise notified.

Date	Location
Thursday 05 March 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF

Thursday 02 April 2015	ENA, 6 th Floor, Dean Bradley House, 52 Horseferry Road, London SW1P 2AF
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 (05 February 2015)

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR0101	08/01/15	4.3	<i>Capacity Release in Constraints</i> - Consider and provide an update (at the March meeting) on National Grid NTS' initial views on how this might be taken forward.	National Grid NTS (FH)	05 March 2015 Carried forward
TR0201	05/02/15	1.2	<i>Gas Transmission Charging Review Open Forum (25 February 2015)</i> - Confirm details of location/time/duration.	Ofgem (DR)	Pending