

Transmission Workgroup Minutes
Thursday 06 October 2016
at Elexon, 350 Euston Road, London NW1 3AW

Attendees

Aisling Jensen	(AJ)	ConocoPhillips
Amrik Bal*	(AB)	Shell
Andrew Kelly*	(AK)	GNI
Angharad Williams	(AW)	National Grid NTS
Anna Shrigley	(AS)	Eni Trading & Shipping
Charles Ruffell	(CR)	RWE
Chris Shanley	(CS)	Joint Office
Colin Hamilton	(CH)	National Grid NTS
David Eastlake*	(DE)	Interconnector
David Reilly	(DR)	Ofgem
Graham Dickson	(GD)	Interconnector
Graham Jack	(GJ)	Centrica
Howard Miller	(HM)	CVSL
Jeff Chandler	(JCh)	SSE
Jen Randall	(JR)	National Grid NTS
John Costa	(JC)	EDF Energy
Julie Cox	(JC)	Energy UK
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Matthew Hatch	(MH)	National Grid NTS
Mike Berrisford (Secretary)	(MB)	Joint Office
Nick George	(NG)	National Grid NTS
Nick Wye	(NW)	Waters Wye Associates
Phillip Hobbins	(PH)	National Grid NTS
Phil Lucas	(PL)	National Grid NTS
Richard Pomroy*	(RP)	Wales & West Utilities
Sean Hayward	(SH)	Ofgem
Sean McGoldrick*	(SM)	National Grid NTS
Steven Britton	(SB)	Cornwall Energy
Steve Pownall	(SP)	Xoserve
Terry Burke	(TB)	Statoil UK

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/061016>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Approval of Minutes from the previous meeting (01 September 2016)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

In providing a brief overview of the Ofgem update, SH explained that the update is split into two main elements, those items related to the National Grid Gas Distribution sale and other matters.

In referring to FGO aspects, LJ pointed out that the Workgroup(s) are entering the final stages of their consideration and that the expectation is that UNC Modification 0565 would be issued to consultation early November. He then went on to advise that a significant workgroup meeting is scheduled for 11 October at Elexon, followed by legal text / charging focused meetings on 17 and 18 October respectively, the latter of which will be held at the Dentons office in London.

1.3 Pre Modification Discussions

1.3.1. Changes to Modification Rules resulting from Code Governance Review Phase 3 (SCR and Self Governance) (Wales & West Utilities)

RP introduced the 'Code Governance Review 3 self-governance and SCR' presentation during which he focused attention on the three potential SCR options on slide 6. When asked, he explained that it is expected that the Ofgem led end-to-end process would enter the UNC processes at the Final Modification Report stage.

In examining the proposed 'SCR implementation approach' outlined on slide 8, LJ suggested that the proposed modification rule 9.3.19 might be difficult to achieve in reality.

LJ then advised that it is anticipated that the draft modification (including legal text) would be issued during the next few days and RP was looking to undertake a single Workgroup meeting following consideration at the 20 October Panel meeting. It is then hoped that the modification would be issued to consultation at the 17 November Panel meeting.

Parties were asked to note that should the modification be approved, future modifications would require their Proposers to demonstrate (and justify) how the proposal affected the Self Governance Criteria to inform Panel's consideration of self governance or Authority decision processing.

1.3.2. EPDQD

During an overview of the 'Amend obligations for the acceptance of EPDQD revisions made after D+5' presentation by AW, attention focused initially on slide 5 – Legal Text – TPD Section E.

Some parties suggested that a preferable alternative might be for National Grid NTS to consider amending the Network Entry Agreements (NEAs), rather than undertake the proposed UNC changes. In acknowledging the point, AW explained that National Grid NTS are already considering changes to the NEAs and expects to write out to impacted parties in order to highlight the changes to future NEAs.

Whilst supporting the basic changes proposed to the legal text GJ felt that inclusion of M+14 considerations would / could prove beneficial along with further refinement of the text itself.

LJ suggested that the modification would benefit from additional clarity around these items in due course.

When GJ voiced his concerns around the potential for Shippers to experience residual exposure in instances where information is not provided (in a timely manner) by the respective sub-terminals, AW pointed out that the modification is seeking to incentivise sub-terminal operators to undertake the appropriate supporting processes.

Recognising the concerns being voiced by Workgroup members, LJ suggested that perhaps the best way forward would be to raise the modification and request that it is issued to a Workgroup for consideration, rather than looking to send it straight out to consultation.

DE voiced his concerns that there is a misconception that a 1kWh change has little impact on the Daily Processed Quantity (DPQ), when in fact the opposite can be true as demonstrated in a recent example quoted by DE. Furthermore the modification could potentially place an obligation on Non Code Parties that he believes is not good practise. Recognising these points, LJ suggested that these are matters best raised as part of a formal response to the consultation in due course.

When asked how often revision to EPDQDs after D+5 occur, AW advised that historically the number is circa 3 to 4 occasions per month and indicated that she would provide some supporting information (as part of the workgroup considerations) in due course.

When asked whether there has been any instances where National Grid NTS has made an error (entry or timing related), AW confirmed that there had been instances of such errors in the past and went on to advise that National Grid NTS are now looking to change their internal (manual) processes, with a view to eventually automating them at some point in the future.

1.3.3. CAM Amendment / CAM Incremental

Opening discussions, MH apologised for the late provision of the three draft modifications on the eve of the meeting, which was due to the evolving position with CAM that had been highlighted at the last meeting. The three draft modifications being:

- *Amendment to Capacity Allocation Mechanisms (Interruptible) to comply with EU Capacity Regulations;*
- *Amendments to Capacity Allocations Mechanisms to comply with EU Capacity Regulations, and*
- *Rules for the release of Incremental Capacity at Interconnection Points)*

Moving on to provide a brief overview of the 'EU CAM Amendment & Incremental Update (5th Oct 2016)' presentation, MH outlined the approach proposed for the three modifications.

Focusing attention on the 'Latest Informal Changes' slide 5, MH explained that these changes had been passed from the Commission to ENTSOG as late as Tuesday 04 October.

Moving on to consider the proposed Article 21 changes, it was noted that it remains difficult to assess the impacts of the proposed legal text when it is provided at such short notice, whilst the long standing lack of stakeholder engagement remains a major concern.

When asked what is being converted, MH explained that he has doubts about whether or not the amended legal text would actually work, as in his opinion, the problem has nothing to do with unmatched (unbundled) provisions, and is more about trying to avoid paying for bundled capacity on more than one occasion – he remains of the view that the legal text needs further development and has fed this back to ENTSOG. DR suggested that Ofgem would welcome any views / comments relating to this matter, especially prior to the next comitology meeting.

When DR advised that there is no additional clarity around the comitology aspects available at this time, LJ suggested that ongoing Ofgem participation in the CAM-related Workgroup meetings would be extremely helpful in aiding progress going forwards.

LJ then explained that in conjunction with National Grid NTS (MH), the Joint Office is looking to arrange 2 meetings per month in order to ensure that the subject is sufficiently debated – the first meeting is now scheduled for Tuesday 15 November at which it is proposed to discuss all three modifications. LJ then

confirmed that the meeting dates would be firmed up once next weeks comitology meeting had taken place.

CS explained that the Workgroup meetings would be alternated between London and Solihull venues and would be kept separate to the Transmission Workgroup meetings – a draft Workgroup meeting schedule would be issued on Friday 07 October.

Moving on, MH advised that there might be a fourth modification in due course. LJ explained the reasoning behind raising the 3 modifications now in order that Panel is in a position to direct a timeline prior to the forthcoming comitology meeting (i.e. a pragmatic 'kick start' approach). Whilst this might be seen as less than ideal, it does initiate early engagement.

1.3.4. Operating Margins

In introducing the presentation, NG explained that, following a review, changes have been identified that would be expected to update and simplify the Operating Margins process – addressing reprofiling provisions and references to the Relevant System Manager - to reflect the current market with the intention of achieving cost savings for Shippers. National Grid NTS proposes that the modification, once formally raised, is sent to a Workgroup for consideration for at least one meeting.

When asked whether or not any SSMP impacts are anticipated, NG explained that none are expected.

NG then advised that it is highly likely that the modification would be raised in the next few weeks and would take the form (initially) of a self-governance modification, although this is not a 100% certainty at this time. LJ suggested that it might be beneficial for NG to provide a draft modification for consideration at the November Transmission Workgroup meeting.

When asked about any potential materiality considerations, NG suggested that costs of circa £30k are involved.

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.

Focusing attention on the 'EU Tariff Code' slide 9, CH explained that the proposed TAR NC entry into force date of 01 April 2017 remains the official target at this time.

Moving on to consider the EU Tariff Code application dates, CH advised that the April and October proposals are to support the CAM implementation requirements. Whilst CH advised that the base case application date would include elements of housekeeping related aspects, MH suggested that CAM incremental and tariff alignment would also need to be considered. MH then made reference to the National Grid NTS (fixed price) auction proposals released the previous day.

CH highlighted that the new charging framework would need to be in place by May 2019 at the latest.

Moving on to consider the EU Tariff Code – transparency implementation Phase 4(a) slide, CH suggested that the UNC CAM modifications may require some subtle tweaks to accommodate the phase 4(a) elements. He added that as far as the NG capacity data is related, formulas are being considered for testing purposes.

PH then provided a brief overview of the Interoperability update slides during which he confirmed that the second consultation is currently live and that it now excludes the transmission only option, but does include an amended IP only option.

LJ highlighted that the draft National Grid NTS response to GB stakeholders would be provided within the November Transmission Workgroup meeting papers in due course.

PH then explained how the normal ENTSOE consultation process works and how this has been subtly tweaked to now include TSO's whilst also providing more transparency. Whilst it can be expected that some of the TSO responses would be published, it would be wrong to assume that this would include ALL responses. PH pointed out that responses to previous consultations (where appropriate) have also been published.

In moving on to consider the 'CEN Sector Forum Gas Initiative to Harmonise Wobbe Index' slide, PH explained that he has yet to see the final scope relating to this matter.

In considering the final 'EU Data Exchange' slide, PH advised that 11 stakeholder responses had been received, and that one of the principal issues highlighted, relates to harmonisation v's flexibility concerns. His expectation is that ENTSOE will specify a 'default' common solution whilst also catering for some of the TSO suggestions as well.

In closing, LJ provided a brief resume of the future topic items.

2.2 Matters arising

None raised for discussion.

3. Workgroups

3.1 Modification 0595S – Amendment to the Arrangements between National Grid NTS and GNI at the Moffat IP to provide for Interruption of Virtual Reverse Flow

The minutes of this meeting are available at: <http://www.gasgovernance.co.uk/0595/061016>

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

4. Issues

4.1 ISS066 – Implications of decommissioned Exit/Entry points

LJ 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, explaining that the key message is that National Grid NTS are currently considering what, if any, potential impacts are involved following the publication of the Ofgem decision letter on 23 September 2016.

SMc then highlighted the three crucial meetings scheduled for 11 (modification 0565), 17 and 18 (legal text and charging respectively) October inviting parties to participate.

LJ pointed out that there is a possibility of a Special Panel teleconference on Friday 04 November 2016 to consider whether the FGO related documents were ready for consultation, subject to approval by the 20 October 2016 Panel.

When asked whether or not this standing agenda item could now be closed, Workgroup participants requested one more update at the 03 November Workgroup meeting.

5.2 Negative Implied Flow Rate

JR provided an overview of the 'Negative Implied Flow Rates' presentation during which attention focused on the potential options, at which point JR explained that the eight defined options are simply an exploration of what might be possible.

JR went on to explain why some of the options (1, 2, 5, 6 and 8) had now been discounted on the grounds that they are not truly viable options and the remaining options would require further consideration in due course. When some parties voiced

concerns around the re-nominations aspects of option 4, JR pointed out that Gemini will allow users to re-nominate up or down in future, before LJ referenced the 05 September (informal) Workgroup meeting discussions (*published on 26 September at: <http://www.gasgovernance.co.uk/Tx/061016>*) for a more detailed insight into the re-nominations topic.

Moving on to provide a quick update on the actions emanating from the 05 September meeting, JR summarised the various status as being:

1. control room have confirmed the assumption / statement is correct;
2. Xoserve do not have sufficient resources available at this time to accommodate the request;
3. hopefully answered by today's presentation;
4. subject to ongoing consideration;
5. subject to ongoing considerations with high level indication being <10/month;
6. subject to ongoing consideration;
7. completed at today's meeting, and
8. subject to ongoing consideration.

Discussions moved on to focus on the 'Next Steps' slide, during which JR confirmed that National Grid NTS would be looking to develop the proposals through the Transmission Workgroup route whilst also taking into account historic balancing actions.

When it was suggested that GNI are unaware of all the Gemini and adjacent TSO aspects / proposals, PH advised that this is not necessarily a correct view as he had only recently provided a presentation on the matter at a meeting where GNI representatives were in attendance. At this point LJ suggested that TB and JC would benefit from becoming more actively involved in the (smaller) sub-Workgroup discussions, especially as it is now time for the (informal) sub-Workgroup to come up with some proposals to be discussed at the Transmission Workgroup level.

In considering whether a UNC Request would be preferable, LJ reminded everyone that a Request has a natural built in lead and end time (i.e. potential process related dead time) – alternatively development could always remain at the informal level for the time being.

Following a brief discussion it was agreed to look to hold a separate (sub) informal Workgroup meeting after the 03 November Transmission Workgroup meeting which could then lead to the raising of a formal UNC Modification in due course.

5.3 Recharge of OCM Costs

NG provided a brief overview of the 'OCM Balancing Charges to Neutrality' presentation whilst making reference to previous Energy Balancing Credit Committee (EBCC) discussions on this matter.

In considering the information provided within the cost table summary provided on slide 4, NG pointed out that UNC Modification 0568 'Security Requirements and Invoice Payment Settlement Cycle for the Trading System Clearer' had previously considered the matter.

In apologising for the fact that the ICE LoC Handling Fee had unfortunately been missed off from previous invoices / charges, NG explained the circa £35k costs, would now be recouped through the neutrality charges. However, this was compensated by the c£65k/y lower balancing costs for shippers as a result of the new OCM clearing model.

5.4 LDZ Allocation Data Errors

In providing a brief resume of the 'Implementation of the Gas Control Suite (GCS)'

presentation, MH pointed out that the two key points on slide 6; reconciliations are expected to be processed over next 3 months and correct measurements need to be confirmed with shippers/ operators.

When asked whether National Grid NTS has any views on potential financial impacts, MH indicated they did not at this time – it is not expected that any financial impacts would be of a significant nature.

5.5 Entry / Exit Capacity Methodology Publication

MH pointed out that the consultation on this matter closes out on 03 November 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 03 November 2016 meeting should be submitted to the Joint Office by close of play on 25 October 2016.

Time/Date	Location
10:00, Thursday 03 November 2016	Elexon, 350 Euston Road, London NW1 3AW
10:00, Thursday 01 December 2016	Elexon, 350 Euston Road, London NW1 3AW

Action Table (06 October 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			None		