

Transmission Workgroup Minutes
Thursday 07 April 2016
Elxon, 350 Euston Road, London NW1 3AW

Attendees

Abrar Bajwa	(AB)	National Grid Grain LNG
Andrew Malley	(AM)	Ofgem
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni
Charles Ruffell	(CR)	RWE
Colette Baldwin	(CB)	E.ON
Colin Hamilton	(CH)	National Grid NTS
Craig Dean	(CD)	National Grid Grain LNG
Fergus Healy	(FH)	National Grid NTS
Gerry Hoggan	(GH)	ScottishPower Energy Management
Graham Dickson	(GD)	IUK
Graham Jack	(GJ)	Centrica
Guy Hannay-Wilson	(GHW)	Chevron
Jeff Chandler	(JC)	SSE
Karen Visgarda (Secretary)	(KV)	Joint Office
Kirsten Elliott-Smith	(KES)	Cornwall Energy
Les Jenkins (Chair)	(LJ)	Joint Office
Lucy Manning	(LM)	Gazprom
Marshall Hall	(MH)	Oil & Gas UK
Matthew Collinson	(MC)	Waters Wye
Natasha Ranatunga	(NR)	EDF
Phillip Hobbins	(PH)	National Grid NTS
Rachel Hinsley	(RH)	Xoserve
Roddy Munroe	(RM)	Centrica Storage
Sean McGoldrick*	(SMcG)	National Grid NTS
Stuart Waudby	(SW)	Centrica
Sue Ellwood*	(SE)	Ellwood Limited
Terry Burke*	(TB)	Statoil

*via teleconference

Copies of papers are available at: <http://www.gasgovernance.co.uk/tx/070416>

1. Introduction and Status Review

LJ welcomed all to the meeting.

1.1 Approval of Minutes from the previous meeting (03 March 2016)

The minutes of the previous meeting were approved.

1.2 Ofgem Update

Introducing this months update, AM drew attention to the Code Governance Review (Phase 3) Final Proposals, and explained on 31 March 2016 Ofgem had published its final proposals for Code Governance Reform, including a proposed change to the SCR process.

LJ proposed that any specific questions should be directed to him in the first instance regarding this matter. He moved on to explain that the proposals included that the

default for modifications would be Self Governance, with proposers having to demonstrate material impact. Code Administrators were being asked to produce guidance to help proposers in this respect. He also explained that modification templates had been amended, to provide a consistent look and feel across all codes. He confirmed the consultation process was closing on 28 April with the expected Licence changes to be enacted in June, though a subsequent modification would likely be required to amend the Modification Rules.

AM explained an Open letter had been published on 23 March 2016 introducing a new process of horizon scanning to help Ofgem identify and understand changes to the energy industry, with the likely impacts on consumers and the implications for regulation. He said any interested parties should contact Ofgem direct, and there would probably be workshops and communications in due course.

Lastly, AM said the RIIO-GT1 Annual Report 2014-15 had been published on 22 March 2016, which gave stakeholders information on the performance of National Grid Gas (NTS) against its price control obligations and incentives for the second year of the price control.

1.3 Pre Modification Discussions

1.3.1 'Amending the oxygen content limit specified in the Network Entry Agreements at Grain LNG' (Graham Jack, Centrica Energy)

LJ provided a brief introduction to the 'Pre Modification Discussion' process and explained that, following on from Modification 0566S (UNC Modification stakeholder engagement and guidelines), implemented in February 2016, suitable pre engagement was now expected by the Modification Panel for all new proposals. This was to ensure a modification was complete and had at least identified all of the relevant issues prior to deployment of industry resource in any workgroup assessment activity. It was hoped that this would produce higher quality proposals, which would, overall, reduce the length of assessments.

GJ introduced the proposed modification 'Amending the oxygen content limit specified in the Network Entry Agreements at Grain LNG' and gave a brief overview. He explained there were currently 3 Network Entry Agreements (NEAs) governing the gas quality requirements between National Grid Grain LNG and the relevant Transporters, 2 with National Grid Gas and 1 with SGN.

GJ indicated that there is current maximum oxygen content in the NEAs of 0.001 mol% oxygen, so the modification proposal was to increase this to 0.02 mol%. He explained that the proposed level fell well below the Gas Safety (Management) Regulations (GS(M)R) maximum of 0.2 mol%. GJ explained the reason for the change was because it was anticipated that LNG cargoes from certain destinations would contain oxygen content above 0.001 mol% in the future, and these LNG cargoes would not be able to land at Grain LNG, with consequential security of supply and diversity issues.

A general discussion took place regarding why the limits were set so low in the network, LJ, GJ and FH agreed it was a legacy issue. GJ also wanted to confirm that discussions had already taken place with National Grid Gas, SGN and affected Grain Shippers concerning this proposed modification. GJ said as it was a small change, there was little merit in it being discussed by the Workgroup and should be sent straight to consultation. LJ confirmed that it would be submitted to Panel on 21 April 2016 and then, all being well, sent out for consultation.

2. European Codes

LJ explained that during the recent NTSCMF meeting that, to avoid duplication, it had been agreed that the primary route for EU Code Updates would continue to be via the

Transmission Workgroup, with only pertinent points on TAR by exception to be raised via the NTSCMF Workgroup.

CH provided an overview of the 'European Update' presentation and explained there were no changes from the previous month's position in relation to capacity.

2.1 EU Tariff Code Updates

CH gave an update on the current position in respect of the EU Tariffs Code, explaining this was now in the comitology process, which may be concluded by September/October, however the impact assessment was not yet approved nor was the text finalised. He explained that one Member State may reject the English Text, due to wanting it translated into their own language from a Legal perspective. He moved on to explain that, subject to progress and approvals, it was possible TAR could achieve 'entry into force' in January 2017, but in the (likely) event of an additional meeting this may be delayed until April 2017. He also explained that the Madrid Forum in October was seen as the 'drop dead' backstop for the Member States to vote. NR asked if the Madrid Forum 'drop dead' backstop was a moveable deadline. CH said yes it could be moved, but for all intents and purposes, this was the date being worked towards.

The issues and concerns raised at the Member States (MS) informal meeting in March were outlined; further work was being done on these. CH reported on certain areas in more detail:

- *Implementation* - The latest date was June 2018 (17 months after entry into force), but this was felt to be too short for a proper and consistent implementation in the GB regime. National Grid NTS was pushing back on this. If it slipped, it would not hit the July auctions. ENTSOG were proposing 24 months implementation.
- Concerns regarding ACER's role post consultation on the proposed charging regime, with enhanced powers perceived to be beyond its scope (belief it should be limited to monitoring/reporting). There was a view that ACER's review would slow down the implementation process, and that it did not have the competence for certain tasks. No NRAs appeared to support the enhanced role of ACER.
- *Storage Discounts* – Latest proposal was for a discount of at least 50% with no criteria required if higher discount proposed. ENTSOG was advocating more flexibility. The text was expected to be issued by 14 April 2016.

CAM Amendment (Incremental) Update

CH provided an overview of the CAM Amendment presentation in relation to the restriction of use of 'conditional firm capacity' with the associated criteria. He explained ENTSOG were pushing back against the restriction on offering conditional capacity, as they wanted greater flexibility, especially in relation to Short Haul. National Grid NTS had said that Short Haul was not a 'conditional firm capacity' product, as it was a community based product. CH overviewed the restriction on the use of 'interruptible capacity' at IP's, with the criteria, and explained there was new text on restrictions for offering longer term interruptible, however, the daily interruptible text in CAM had not changed. He confirmed ENTSOG were pushing back against the restriction on offering interruptible capacity, while proposing the deletion of Art 21 (1)(b). A brief discussion took place regarding the text and GJ asked in Europe was there a concept of capacity substitution. AM explained that Ofgem had offered up a substitution for National Grid Gas and they were keen to defend that position, as they saw it as vital.

EU Gas Quality Update

Incorporation of CEN Standard into the INT Network Code

PH explained that due to the terrorist attacks in Brussels the ENTSOG meeting in March had been postponed, and so he did not have an update, although the meeting was in the process of being re-arranged.

He then moved on to explain the CEN's Sector Forum Gas Infrastructure Committee was to progress the harmonization of the Wobbe Index. He explained CEN were requesting gas quality experts from across the EU to work on this issue, so a team was trying to be implemented, however, no UK representatives had yet been nominated. PH also said that CEN had asked for comments by 18 April 2016, and the UK had already submitted these, but no feedback was currently available. GJ asked if the standard was rejected, would that have an impact on the Wobbe? PH said it would depend on the Stakeholders position. MH asked if the mandate for the Wobbe had been set and if that included Sulphur. PH said yes, it was included in the Wobbe. Further in-depth general discussion ensued regarding the CEN standard and the CEN process. LJ proposed that the lobbying route for these types of questions should be directed to Claire McLoughlin at the DECC and the BSI Technical Committee respectively.

EU Phase 3 Project Update

PH confirmed the project was going well and there had been one issue regarding the capacity data being submitted to the transparency platform, otherwise all was on track.

3. Workgroups

There were no Workgroups for discussion.

4. Issues

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

FH provided an overview of the 'Implications of decommissioned Exit / Entry points' presentation and explained this was a complex area, as it was unclear what exactly was meant by 'decommissioning' since it depended on the specific context, i.e. the physical process or the commercial process or a combination of the two. It should also be noted that there is no process to facilitate commercial decommissioning.

FH explained that National Grid NTS had been asked to investigate this area, with what that the challenges they perceive could be involved and that they were not taking action or proposing any changes at this time.

Moving on, he overviewed some of these challenges in relation to the complexity, capacity and user commitment, as well as sharing some Entry Point scenarios for a Single (or no Connection) ASEP and a Multi SEP ASEP, with the same criteria specifics. FH reiterated this investigation had been undertaken at a very high-level due the complexity involved, as there was no resource to undertake any in-depth data analysis regarding this matter.

A lengthy and in-depth discussion then ensued regarding this issue and the associated implications. LJ proposed this would be a very large and complex piece of work for what could be, a limited benefit. MH asked if this had to be dealt with now for decommissioning, or could it be dealt with on a 'case by case' basis. FH said a 'one size fits all approach', would not work and it would have to be investigated on a 'point by point' basis, due the complexity involved. JC asked if the energy sites were to be removed would the National Grid NTS revenue be reduced, FH said he did not know what the impact would be. Overall, it was felt to be more of a Licence issue, which, traditionally were price control matters. It was agreed that FH would speak with Ofgem in relation to see if this topic should be included in the next regulatory period.

New Action TR0401: National Grid NTS (FH) to discuss with Ofgem if this matter should be discussed at the next Ofgem period review.

5. Any Other Business

5.1 Xoserve Funding, Governance and Ownership (FGO)

SMcG overviewed which FGO documents had been endorsed and explained in April. Implementation had commenced with a 'soft landing' meaning that board level representation was now live. He highlighted the areas that were presently under discussion and asked for more Shippers and Transporters to become involved in the process, and drew attention to the next FGO Workgroup meeting on 18 April 2016.

TB asked whether, if Shippers attended the Contract Managers and Change meetings, would that be in an 'observational' capacity. SMcG confirmed this, because presently the Transporters still bore all of Xoserve's costs, however, Shipper input was very much welcomed. He indicated that, whilst the decision making authority was currently with Transporters only, a plan was being developed, with sign off expected by October, which would then include Shippers, with them becoming involved in the decision making from next year.

5.2 Negative Implied Flow Rate and Deemed Flow taxes (Lucy Manning, Gazprom)

LM overviewed the 'Negative Implied Flow Rate and Deemed Flow taxes' presentation, explaining the data relationships within Modification 0493 are now not working as anticipated, specifically in relation to the data transfer between, National Grid NTS, Shipper, TSO's and the Adjacent TSO's.

LM further explained that, prior to 01 October 2015, nominations and matching processes at IPs were carried out by the Bacton and Moffat Agents, with the processes facilitating communication between NGG's daily regime and adjacent TSOs' hourly regimes. LM said that previously, renomination taxes were sent directly to National Grid Gas to update the Gemini system manually with any new or updated information. She further explained that, from 01 October 2016, a new nominations and matching process had been introduced, which was having a detrimental impact on some Shippers. The new process restricted the ability to send the most up-to-date information on gas flow via the renomination tax method, with other impacts being felt via the adjacent TSO's.

A lengthy general discussion then ensued regarding the associated issues this new process was having on some Shippers. AS also proposed that many beach trades were conducted in the middle of the night, so not being able to send a renomination tax had a negative impact. PH explained that, when developing Modification 0493, National Grid NTS had not envisaged these impacts on the Shipper community. He said he was investigating this matter and was keen to find a mutually acceptable resolution.

New Action TR0402: National Grid NTS (PH) to investigate NIFL and Deemed Flow taxes with the adjacent TSO's and suggest possible ways forward.

5.3 Modification 0534S - Maintaining the efficacy of the NTS Optional Commodity ('shorthaul') tariff at Bacton entry points (Fergus Healy, National Grid NTS)

FH provided a verbal update and explained that Xoserve had indicated via the UK-Link Committee that they were planning to implement the requirements of Modification 0534S from the 20th April 2016 (dependent upon representations) and will start to process the adjustments from this date (the adjustments will cover the period commencing from the 1 November 2015). It is expected that the backlog of adjustments will take 3 months to clear, after which, adjustments will take place on a rolling monthly basis in accordance with the modification.

5.4 Long Term Use It or Lose It (LTUIOLI)

FH also provided an update regarding the amendments to the LTUIOLI guidance document. He explained that, following on from the regular Ofgem review there was a minor change in relation to a clarification about 'quarterly'.

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: PH advised the engagement with the terminal operators was ongoing and that this action was to be carried forward for a further update at the next meeting. **Carried forward**

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.

Update: PH explained this action and TR0202 were linked and he wanted to apologise for not being able to provide an update, and that this information would be presented at the May meeting. **Carried forward**

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.

Update: PH explained this action and TR0201 were linked. **Carried forward**

Action 0301: National Grid NTS (PH) to arrange a Teleconference prior to the ENTSOG Stakeholder session on 22 March 2016.

Update: PH explained a teleconference had now taken place and this action could now be closed. **Closed**

Action 0302: National Grid NTS (JD) to organise and confirm a System Flex Workshop meeting on 02 June 2016 following the Transmission Workgroup meeting.

Update: PH explained the arrangements would be published in April, so this action needed to be carried forward until the June meeting. **Carried forward.**

Action 0303: National Grid NTS (PH/FH) to confirm whether National Grid NTS can provide any greater granularity of UAG.

Update: PH provided an overview slide and explained Unaccounted for Gas, arose because of meter and data errors and this did not include 'theft of gas' as this was a component of DN shrinkage, which also included leakage and own use gas, with leakage accounting for the vast majority of DN shrinkage. He further explained that National Grid NTS published reports every six months on its activities to investigate potential causes of UAG, with the next being due in April 2016. It was then agreed this action could then be closed. **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 May meeting should be submitted to the Joint Office by close of play on 25 April 2016.

Time/Date	Location
10:00, Thursday 05 May 2016	Elaxon, 350 Euston Road, London NW1 3AW UK
10:00, Thursday 02 June 2016	Elaxon, 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 (07 April 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
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)	Carried forward <i>(Due at 05 May meeting)</i>
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)	Carried forward <i>(Due at 05 May meeting)</i>
TR0301	03/03/16	2.1	National Grid NTS (PH) to arrange a Teleconference prior to the ENTSOG Stakeholder session on 22 March 2016.	National Grid NTS (PH)	Closed
TR0302	03/03/16	5.2	National Grid NTS (JD) to organise and confirm the System Flex Workshop meeting on 02 June 2016 following the Transmission Workgroup meeting.	National Grid NTS (JD)	Carried forward <i>(Due at the 02 June meeting)</i>
TR0303	03/03/16	5.3	National Grid NTS (PH/FH) to confirm whether National Grid NTS can provide	National Grid NTS	Closed

Action Table (07 April 2016)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
			any greater granularity of UAG.	(PH/FH)	
TR0401	07/04/16	4.1	National Grid NTS (FH) to discuss with Ofgem if this matter should be discussed at the next Ofgem period review.	National Grid NTS (FH)	Pending <i>(Due at 05 May meeting)</i>
TR0402	07/0/16	5.2	National Grid NTS (PH) to investigate NIFL and Deemed Flow faxes with the adjacent TSO's and suggest possible ways forward.	National Grid NTS (PH)	Pending <i>(Due at 05 May meeting)</i>