

**Meeting of the Transmission Workstream  
Transmission Planning Code Workshop 1  
Minutes**

**Thursday 03 April 2008**

**Elxon, 350 Euston Road, London NW1 3AW**

**Attendees**

John Bradley (Chairman)	JB	Joint Office
Lorna Dupont	LD	Joint Office
Amrik Bal	AB	Shell
Andy Hayes	AH	Wales and West Utilities
Bali Dohel	BD	Scotia Gas Networks
Bogdan Kowalewicz	BK	Ofgem
Chandima Dutton	CD	National Grid NTS
Chris Wright	CW	Centrica
Christiane Sykes	CS	Statoil (UK)
Colin Hamilton	CH	National Grid NTS
David Turner	DT	Gassco
Ericson Lee	EL	Poyry Energy Consulting
Jeff Chandler	JC	Scottish and Southern Energy
Joy Chadwick	JC1	ExxonMobil
Julie Cox	JC2	AEP
Liz Spierling	LS	Wales and West Utilities
Mr Thillinaithan	MT	Ofgem
Nick Bates	NB	National Grid NTS
Paul Remer	PR	National Grid Distribution
Peter Dickinson	PD	Ofgem
Phil Broom	PB	Gaz de France
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	E.ON UK
Russell Cooper	RC	National Grid NTS
Shelley Rouse	SR	Statoil UK
Sofia Fernandez Avendano	SFA	Total Gas and Power
Steve Gordon	SG	Scottish Power
Steven Sherwood	SS	Scotia Gas Networks
Tony Stonehewer	TS	National Grid NTS
<b>Apologies</b>		
Tim Davis	TD	Joint Office of Gas Transporters

**1. Introduction**

JB welcomed the attendees and explained the purpose of the meeting.

**2. Ofgem: Presentation**

BK gave a brief presentation on the background, the aims and the Licence requirements associated with the proposed development of a Transmission Planning Code. A series of workshops have been arranged to support the development and issues to be addressed included an outline of the methodology which BK indicated should focus on the deliverables that Ofgem expected to see; the applicability of flow margins – should these be universally applied, or should some other value be applied; and the

assumptions used in the network modelling. Coverage of these main threads was what was envisaged to develop the Planning Code.

### **3. National Grid NTS: Presentation**

#### **3.1 Open Letter - Summary of Responses**

CD reported that 4 non-confidential responses had been received and that these indicated a broad support for the principles of transparency to be delivered within the Transmission Planning Code (TPC). The responses are available to view on the Joint Office website.

CD then went on to address the queries raised within the responses in respect of the provision of detailed information that may be required within the TPC.

Concerns were raised at the perceived lack of opportunity for Users to review what may be included in the TPC following its development and that future modifications could only be raised by National Grid NTS and approved by Ofgem. PD commented that Ofgem had received no strong feedback from the community that it wanted to propose changes. RC said that National Grid would include high level principles and planning procedures that were relevant in the TPC, with enough detail to recognise efficiency and how the planning is decided upon. JB pointed out that the knowledge and understanding of what may be required to be included to be of most use would increase as the workshops progress. PD observed that the Authority can ask for a review within the two year period if it feels that is appropriate. BK said that there is nothing in place at the moment that gives a good overview of the current process; there is a need to start somewhere to explore the issues and problems. It should evolve into a code that should be useful and increase the transparency to the industry. There is a requirement to review periodically, but a high frequency of change should be avoided as this militates against stability. Active participation at this early stage should help to make it a successful code.

A further concern was raised in respect of methodology statements; these could be interlinked with the TPC and unsynchronised review times may become an issue.

DT pointed out that the TPC may include the inputs and assumptions that feed into the planning of the system, ie to assess the size required, but National Grid NTS was not obliged to publish the results or the outputs of the network model.

The timeline was presented with 01 October 2008 being the target date for implementation.

CS commended the positive approach, but was concerned that more frequent changes to methodologies did not give comfort or certainty to the industry. RC responded that the TPC would be reviewed every two years and that National Grid NTS would continue to explore how to deal with the increasing movement from self sufficiency to import dependency; National Grid NTS could not commit not to a static code; it was a working document and needs to be flexible to respond to changes rather than be restricted. It was acknowledged that striking the right balance was important and that change would be restrained to whatever was necessary.

JC2 wondered whether rules would drive the outcome, rather than offering the freedom of looking for the best outcome and being flexible enough to find a method to achieve it. She also asked whether retrospective methods/changes were acceptable.

RC responded that the development of local democracy in planning decisions was forcing National Grid NTS to consider more options taking account of different variants and criteria, eg environmental considerations, which may lead to different outcomes than one that might originally be expected.

JC2 asked what level of detail or prescription the group should be looking at. Confidentiality around any information that forces National Grid NTS to promote a

change to the TPC may obscure the understanding necessary for the industry to accept the need for change. This would be a strange position to be in.

DT commented that a code should be a collection of rules on how something is done that will be observed. Micro management of National Grid NTS's business sets up too many problems and is unnecessary. The TPC needed to be of a higher level. RC agreed and observed that further discussions may lead to an acceptable levelling off.

### **3.2 Supply Assumptions for Investment Planning**

CD gave a presentation describing the supply assumptions used for investment planning. Following an explanation of the development of the optimal investment plan, JC1 commented that she was surprised, as she thought that the industry had been led to believe that investment signals from the auctions drove investment and yet the explanation given today gave the impression that National Grid NTS seemed to work more on the TBE data. RC responded that conditions have changed and it is hard to assess how aggressive flows will be from different sources. The auctions do not allow enough time to do all the preparatory work and planning beforehand. National Grid NTS can get caught out by the auction when signals are received that were not anticipated. In answer to a further question from JC1, RC said that moving to March auctions helps the construction side more than the planning side.

DT commented that most discussion related to options for investment planning (using the example of connecting a pipeline from Norway to Europe) takes place before the auction signals are received. DT was also concerned that there should not be any risk of exposure of potential positions through this code before any position is decided upon. Confidentiality needed to be maintained. JC asked whether potential constraints would be able to be dealt with through the TPC.

After summarising the current position, CD advised that the next workshop was planned for 01 May 2008 following the Transmission Workstream and some topics for discussion were suggested.

In response to a question from SS, RC confirmed that the TPC will be a completely new document and not an old one revised. There was concern that any time constraints should be reconsidered and not used as a reason to delay completion.

JC2 commented that the flow margin question seemed to have disappeared. RC reported that a study was being done that should be completed by the end of April and if anything was to be changed it would be done on the basis of evidence strong enough for the HSE.

Summing up, RC said that the presentation described the variables taken into account and hopefully had given a fuller picture of the current process. PD confirmed that this work will inform the next Price Control decisions.

DT reiterated that care would have to be taken that it did not generate unnecessary change as parties were looking for stability when connecting to the UK.

BK said that Ofgem expected to see assumptions that reflect National Grid NTS' thinking, ie interpretations, to be made more explicit; more clarity and transparency should aid other parties in making prudent decisions.

JC2 reiterated the concerns surrounding issues of confidentiality and the level of detail that would be possible in relation to the assumptions. BK responded that the level of detail required was still to be tested and that was part of role of the workshops. PD confirmed that the information required related to processes, systems and procedures, not individual company information.

CD thought that it may be possible to make available a draft document on the Supply entry side and the demand sequence in time for the next meeting.

### **3.3 Gas Transmission Approach to SC13 Development of Network Output Measures**

TS gave a presentation detailing National Grid NTS's proposed measures for developing an appropriate methodology to evaluate network output measures for the pipeline system. The methodology was to be submitted to Ofgem by 31 May 2008. Ofgem would consult on output measures at a date to be confirmed.

JC asked if this was available to the wider industry; TS confirmed that it was made available to Ofgem only.

No further questions were received from the meeting. TS said that any further feedback would be welcome.

#### **4. Any Other Business**

None.

#### **5. Diary Planning**

The next Transmission Planning Code Workshop (2) has been arranged for 13:30hrs on Thursday 01 May 2008 at Elexon, 350 Euston Road, London NW1 3AW. This meeting will follow the Transmission Workstream. (Details of future meetings may be found on the Joint Office website at: [www.gasgovernance.com/Diary](http://www.gasgovernance.com/Diary)).