

Transmission Workstream Minutes

Thursday 01 March 2007

held at

Elexon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chairman)	JB	Joint Office of Gas Transporters
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Alex Barnes	AB	BG Group
Amrik Bal	AB1	Shell
Andy Bailey	AB2	National Grid Transmission
Angela Love	AL	Poyry Energy Consulting
Andrew Pearce	AP	BP Gas
Angus Paxton	AP1	Poyry Energy Consulting
Alan Raper	AR	National Grid Distribution
Bali Dohel	BD	Scotia Gas Networks
Christian Heringer	CH	Wingas
Charles Ruffell	CR	RWE npower
Chris Wright	CW	BGT
Dipen Gadhia	DG	Ofgem
Fergus Healey	FH	National Grid Transmission
Ian Moss	IM	APX Group
John Baldwin	JB1	CNG Services
Jeff Chandler	JC	SSE
Joy Chadwick	JC1	ExxonMobil
Louise Fraser	LF	EDF Energy
Liz Spierling	LS	Wales & West Utilities
Martin Watson	MW	National Grid Transmission
Mike Young	MY	Centrica
Oliver Wolgast	OW	Dong Energy
Phil Broom	PB	Gaz de France
Paul Roberts	PR	National Grid Transmission
Robert Cameron-Higgs	RCH	Northern Gas Networks
Richard Fairholme	RF	EON UK
Richard Hall	RH	Ofgem
Roddy Munro	RM	Centrica Storage
Sofia Fernandez Avendano	SFA	Total
Stefan Leedham	SL	EDF Energy
Steve Ladle	SL1	Waters Wye
Stuart Waudby	SW	Centrica Storage
Tim Davis	TD	Joint Office of Gas Transporters

1 Status Review

1.1 Minutes from February Workstream Meeting

The minutes for the previous meeting held on 01 February 2007 were accepted.

1.2 Review of Outstanding Actions

Appendix A provides a tabular summary.

1.3 Review of Workstream's Modification Proposals and Topics

1.3.1 Modification Status Report (Modification Proposals Register¹)

The following Proposals had been approved by Ofgem:

- 0113 "Availability of Unsecured Credit Based on User Payment Record or Independent Assessment"
- 0125 "Introduction of new balancing neutrality charge for cost of residual balancer collateral on the OCM"
- 0080 "Acceptance of AMR reads at Supply Points with Connectors"
- 0099 "Management of erroneous Domestic AQs during the Registration process".

Ofgem (DG) reconfirmed its intention to conduct Impact Assessments on Proposal 0104 "3rd Party Proposal: Storage Information at LNG Importation Facilities". The Impact Assessment for Proposals 0116 "Reform of NTS Offtake Arrangements" was issued 7 February 2007 for response by 6 March 2007.

Proposal 0119 "Amendment to the Entry Overrun Charge" was still under Ofgem's consideration, as was Proposal 0127 "Introduction of a DN Pensions Deficit Charge on DNO Users".

The Modification Panel had deferred a decision on Proposal 0121 "The Provision of Ex-Post Demand Information for all NTS Offtakes" until the March meeting.

The consultation period for Proposal 0130 "The Provision of Ex-Post Demand Information for NTS Offtakes" ends on Friday 02 March 2007.

1.3.2 Topic Status Report

003TR Review of Exit Capacity Arrangements. The Modification Panel allocated Proposal 0134 to the Workstream on 15 February 2007 for the production of a Workstream Report.

008TR Entry Capacity. The Modification Panel allocated Proposal 0133 to the Workstream on 15 February 2007 for the production of a Workstream Report.

A Draft Proposal was introduced by E.ON – see item 2.1.2 below.

A Draft Proposal was introduced by National Grid Transmission – see item 2.1.3 below.

018TR Information Transparency.

The Final Modification Report has been produced for Proposal 0121 and will be discussed at the March Modification Panel meeting.

Poyry and energywatch confirmed that there were no current plans on either part to raise a formal review topic for consideration by the Workstream.

Other Topics remained on hold.

¹ <http://www.gasgovernance.com/Code/Modifications/>

2 Modifications

2.1 Modification Proposal 0133: Introduction of the AMTSEC Auction

2.1.1 Draft Workstream Report

A presentation was given by FH (National Grid Transmission) and the rationale for the proposed rule whereby no transfer would take place if less than 90% of the available capacity was sold was discussed. The Workstream sought more clarity on Buy Back risk (level and impact of Proposal) and the workings of the inter-terminal exchange rates. PR affirmed that it was hoped to achieve implementation of the Proposal for the coming winter. It was thought that the discussion had been useful but that some areas needed greater understanding. AB asked when the supporting methodology would be available; it was made apparent that the Workstream would feel better able to support the Proposal if it could gain a greater understanding of the primary assumptions that had been made and the context in which the assumptions had been set. National Grid Transmission agreed that this was a very complex area and would consider the provision of more information to aid clarity and understanding.

The Chair summarised further discussion as follows:

- National Grid would offer tranches based upon indications given by Shippers at the application stage;
- Fixed exchange rates would be applied that limited the risk to National Grid Transmission;
- If there were insufficient response from Shippers, the process would 'fall away' at this point but be recovered in the next round;
- The curve would be reassessed between each round.

Acknowledging that there was no new information available from what is already produced, and in seeking to further understand National Grid Transmission's Buy Back risk assumptions JB1 requested sight of the curves and the indicative numbers relating to the ASEPs that were being fully utilised.

National Grid Transmission agreed to consider providing the following for Teesside and Easington:

- Information on which donors would be available
- The indicative exchange rate curves
- An explanation on how the 90% Rule would work in each case
- Some scenarios (to help understanding).

It was discussed whether a methodology should be made available with the Proposal as a necessary part of the consultation process. National Grid Transmission agreed to present the draft methodology at April's Workstream meeting.

AB suggested that it would be appreciated if the Ofgem representative(s) responsible for this area of work were to attend the next meeting.

The draft Workstream Report 0133 was then reviewed. PR emphasised that this was a *monthly* process and confirmed that one application fee was proposed which would cover all months. Following further discussion, the draft Workstream Report was amended and finalised. The Transmission Workstream gave support to the proposal proceeding to consultation.

2.1.2 Draft Proposal: Capacity Transfers to Sold Out ASEPs

RF (E.ON) gave a presentation, and a short discussion ensued. It was thought that extra algorithms might be required to effect the proposed simultaneous request. Gemini

changes would take some time and this draft proposal might need datafixes to facilitate this.

2.1.3 Draft Proposal: Transfer of Sold Capacity between ASEPs

PR (National Grid Transmission) gave a presentation. RM questioned whether National Grid had thought about a possible impact on LTSEC auctions. MY observed there could also be an issue with Shippers buying speculatively in the LTSEC auctions, which could create a danger of false signals in respect of incremental investment. JB1 commented that the transfer of sold capacity at St Fergus to Teesside and vice versa depended on the exchange rate, and was concerned that there may be implications for reserve prices. It was thought that competition should drive the price for the auction but that National Grid may need to reconsider any further implications. JB1 stated that he would like further clarification on the intended consequences of this Proposal as it raised many issues in terms of pricing.

Following the discussions of both E.ON's and National Grid Transmission's draft proposals it was agreed that E.ON and National Grid would meet to discuss the merits of their respective draft proposals and agree a way forward.

2.2 Modification Proposal 0134: Publication of Nodal NTS Demand Forecast

A presentation was given by FH (National Grid Transmission) and the draft Workstream Report 0134 was reviewed. LS and AP observed that there were some issues around the perceived lack of control over the release of forecast information and that certain restrictions may need to be applied. In response to a question concerning its current position in the UNC (TPD Section O) PR confirmed it would be declassified from protected information status.

Following the discussion, the draft Workstream Report was amended and finalised. The Transmission Workstream gave support to the proposal proceeding to consultation.

3 Topics

3.1 Topic 008TR Entry Capacity

3.1.1 Ofgem's Response to the Entry Capacity Baseline Questions

No written response had been received from Ofgem in advance of the meeting. *(Post Meeting Note: a response has now been received and placed on the Joint Office website alongside these minutes)*

4. Other Business

4.1 Transparency of System Operation

MY and CW sought initial views in respect of potentially raising a proposal aimed at improving the transparency of day to day system operation. Areas for potential inclusion might be: compressor use, pressure on various parts of the system, and incentive arrangements, but any further ideas would be welcomed by CW and MY. PR commented that this might be better raised at the Transmission Operational Forum. CW and MY responded that it would be raised at all levels and at each appropriate forum, and that it will be their intention to raise this formally as a Workstream topic. A discussion paper will be produced for the April Workstream meeting.

5. Diary Planning

The next Transmission Workstream meeting has been arranged for 10:00hrs on Thursday 05 April 2007 at Elexon, 350 Euston Road, London NW1 3AW.

Appendix A: Action Log – UNC Transmission 01 March 2007

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1060	2/11/06	3.1 Topic 018TR	Consider raising a UNC Review Proposal on provision of Market Information	Interested parties.	Carried forward Proposals 0104, 0121 and 0130 in progress.
TR 1061	4/01/07	1.4	Update the Workstream on development of emergency cashout/trading in the context of gas import dependence	APX/NGG/ EON / Statoil	Carried forward Paper to be presented at the next Workstream Meeting.
TR 1063	1/02/07	3.1.2	Consider providing indicative timelines and dependencies for development of capacity transfer mechanisms	National Grid NTS (Andrew Fox)	Carried Forward.
TR 1064	1/02/07	3.1.2	Consider providing information from winter 05/06 to assist understanding of the interaction between different terminals	National Grid NTS (Fergus Healy)	Carried Forward