

Transmission Workstream Minutes
Thursday 04 December 2008
Elxon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	JB	Joint Office
Alex Barnes	AB	BG Group
Amrik Bal	AB1	Shell
Andrew Pearce	AP	BP Gas
Chris Logue	CL	National Grid NTS
Chris Wright	CW	Centrica
Clare Temperley	CT	The Gas Forum
Craig Purdie	CP	Centrica Storage Ltd
Dan O'Donovan	DOD	xoserve
David Linden	DL	BP Gas
Fergus Healy	FH	National Grid NTS
Harvey Beck	HB	Ofgem
Jeff Chandler	JC	Scottish and Southern Energy
John Costa	JC1	EDF Energy
Joy Chadwick	JC3	ExxonMobil
Julie Cox	JC2	AEP
Leigh Bolton	LB	Holmwood Consulting
Martin Watson	MW	National Grid NTS
Olaf Islei	OI	Ofgem
Paul O'Donovan	POD	Ofgem
Peter Talbot	PT	Northern Gas Networks
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	E.ON UK
Richard Jones	RJ	xoserve
Richard Sarsfield-Hall	RSH	Poyry Energy Consulting
Richard Street	RS	Corona Energy
Ritchard Hewitt	RH	National Grid NTS
Shelley Rouse	SR	StatoilHydro
Simon Trivella	ST	Wales & West Utilities
Stefan Leedham	SL	EDF Energy
Steve Fisher	SF	National Grid NTS
Steve Gordon	SG	Scottish Power
Steve Rose	SR1	RWE Npower
Steven Sherwood	SS	Scotia Gas Networks
Tim Davis (Secretary)	TD	Joint Office
Yannick Chaussepied	YC	Gaselys
Yasmin Sufi	YS	Eni UK

1. Introduction

JB welcomed the attendees to the meeting.

1.1 Minutes from the previous Workstream Meeting (06 November 2008)

The minutes of the previous Workstream meeting (06 November 2008) were approved.

1.2 Review of Outstanding Actions

1.2.1 Actions from the Workstream

Action TR1085: Ofgem to provide updates to the Workstream on progress with The Gas (Calculation of Thermal Energy) Regulations.

Update: No further progress to report. **Action carried forward.**

Action TR1097: Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements.

Update: POD confirmed that a draft proposal may be produced in January/February 2009. **Action carried forward.**

Action TR1101: Modification Proposal 0219: National Grid NTS to provide costs in respect of the Modification Proposal as it currently stands, and in respect of the additional data items.

Update: RH confirmed that figures had been provided for inclusion in the Modification Report. **Action closed.**

Action TR1102: Rationalisation of Maintenance Planning Dates and Timescales - National Grid NTS to produce a revised draft Proposal for discussion at the next Workstream meeting.

Update: RH reported that this had been deferred; National Grid NTS was in discussion with the DNs and would report to the next Workstream. **Action carried forward.**

1.2.2 Actions from Substitution Workshop 4

Action SUB001: Ofgem to consider producing a document, prior to the first substitution auction, setting out its rationale for approving substitution applications.

Action SUB005: Ofgem to consider and report back whether it is able to model the effect on gas prices of various substitution scenarios.

Update on SUB001 and 005: To be considered at the 5 December Substitution Workshop. **Actions carried forward.**

1.3 Review of Workstream's Modification Proposals and Topics

1.3.1 Modification Status Report (Modification Proposals Register¹)

JB gave an update on the current status of the Live Modification Proposals.

0237: RH confirmed that Operating Margins are not expected to be required at Dynevor Arms even if there was no gas being input at Milford Haven – the new infrastructure provides the necessary resilience.

0230A: RF drew attention to E.ON's Alternative Proposal to the proposed change to the timing of QSEC and AMSEC auctions and invited comments. MW indicated that National Grid NTS had some concerns about the practicalities of the Alternative but, provided it was feasible to implement, had no objection in principle.

1.3.2 Topic Status Report

The Topic Status Report for the Transmission Workstream is located on the Joint Office website at: <http://www.gasgovernance.com/Code/Modifications/>.

Other than agenda items, there were no further changes to report.

1.4 Related Meetings and Review Groups

1.4.1 Ops Forum & SO Incentive Workshop

There were no matters requiring the Workstream's attention.

1.4.2 Operating Margins Groups

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

The group considering Operating Margins generally agreed that sufficient progress had been made for National Grid NTS to raise a formal Proposal, which would include the changes previously discussed as Consent to Modify proposals. If considered necessary, a further meeting to discuss the proposed legal text will be arranged.

2. Topics

2.1 008TR Entry Capacity

2.1.1 2008 QSEC results (National Grid NTS)

FH presented on behalf of National Grid NTS, setting out in aggregate the results from the 2008 QSEC process.

SR1 asked about the treatment of revenue from non-obligated capacity sales, and FH confirmed this was accounted for as SO revenue within the buy-back incentive mechanism.

JC2 asked if the graphs produced for the Workstream could be made available on a routine basis, and SR1 asked if the graphs could be shown on a revenue basis as well as volume – with revenue information assisting in anticipating the potential path of commodity charges. FH agreed to consider this.

ACTION 1201: National Grid NTS (FH) to consider whether graphical information can be published following subsequent QSEC auctions.

2.2 003TR Review of NTS Exit Capacity Arrangements

2.2.1 Next Steps (National Grid NTS)

SF outlined issues which National Grid NTS had been considering to establish how to meet the intended 1 April 2009 implementation date for Proposal 0195AV.

1. End January – industry walkthrough of Modification Proposal.
2. March – explanation of new processes and procedures.
3. Establishment of a dedicated email box account to receive and respond to enquiries about the revised regime.
4. Development of the ExCR methodology statement, with consultation in February/March ahead of implementation on 1 April. A Modification Proposal may be raised seeking to delay the envisaged ad-hoc processes for about six-months.
5. Consideration of the credit arrangements in light of work by Review Group 0221.

MW emphasised that National Grid NTS would welcome thoughts on what further support and processes would be helpful ahead of April 2009. It was suggested that a timeline of potential events would be helpful and National Grid NTS agreed to provide this for publication alongside these minutes.

ACTION 1202: National Grid NTS (SF) to publish a timeline of potential events leading to implementation of Proposal 0195AV on 1 April 2009.

SR asked about publication of linepack zones, and SF confirmed that work on this was under way to meet the timing requirements set out on Proposal 0195AV.

2.3 022TR European Transparency Requirements

2.3.1 Project Progress (Ofgem)

OI presented on behalf of Ofgem. It was recognised that full compliance with the information release requirements by National Grid NTS was dependent on Ofgem approving Modification Proposal 0223. Ofgem indicated that the Proposal was still being considered in light of the responses received and no decision had yet been taken as to whether or not the Proposal would be approved.

OI confirmed that TSOs had agreed to provide details of the data they publish and its definitions which would support moves towards harmonisation. A timetable would be

developed in light of the responses received regarding the practicalities of harmonising the data which is published. OI emphasised that input from all stakeholders was valuable in taking the issue forward and explaining what would be of greatest value – his attendance at the Workstream was designed to encourage participation.

2.3.2 Development of European Network Codes

CL presented on behalf of National Grid NTS.

JC3 asked if any high level European Network Code would be under the jurisdiction of ACER (Agency for the Cooperation of Energy Regulators). CL expected this to be the case.

SG asked if it would be necessary to sign on to each Network Code. CL believed the contractual structure would be delivered through Shippers acceding to the UNC – the European Network Code would not be signed by individual Shippers.

JC1 asked if we would be moved backward since we have the most advanced network Code at present – moving to the lowest common denominator in codes. CL acknowledged this was a risk but emphasised that National Grid NTS would be trying to avoid this, although he anticipated there would be UNC impacts from the implementation of a European Network Code.

AB1 clarified that not being a formal signatory would not impact the fact that Shippers were bound by any European Network Code covering cross border flows. CL agreed this was his expectation.

AB was concerned about the level of detail which would appear in codes. However, both AB and AB1 emphasised that the modification process was crucial since detail would inevitably be added later even if high level codes were implemented initially.

CL offered to provide updates to the Workstream as progress on developing the codes moved forward. AB1 questioned whether the Transmission Workstream could be used to formulate views which CL might take back to the development process and be reported as representative of the GB industry. CL was concerned that it may be inappropriate for a TSO to seek to present views as those of Shippers, suggesting it may be better for a Shipper representative to put forward community wide views. OI emphasised that the process for the codes was not finalised within the Third Package and Ofgem was considering how it can engage with industry to give real clarity about what is happening within Europe, especially since to a great extent Shipper and TSO interests within GB were aligned, and the Transmission Workstream was a potential forum for supporting this engagement - he would welcome views on the value of a GB European Working Group. This received general support as a concept. AB1 asked if the forum would be a means of keeping Shippers aware or if it would be to formulate what could be put forward as an agreed GB position, i.e. to be a policy forum. OI confirmed that views on this were exactly what he was hoping to receive, but he remained hopeful that there would be general alignment on most issues for GB players.

AB asked what implementation date was envisaged for any European Codes. CL believed that ACER and ENTSOG were intended to be in place by 2010, when the process could start in earnest. However, GTE+ was looking to create some unofficial codes now as a model for the formal codes. MW added that, as a TSO, National Grid NTS was not planning to wait for formal implementation but to plan and prepare for expected change in a timely and thorough manner.

3. Any Other Business

CP had heard that discussions about developments in Novation arrangements at ASEPs could be held under the auspices of Review Group 0221 and questioned why National Grid NTS wanted this. MW said, and JB confirmed, that this was proposed at the previous Workstream. While National Grid NTS did not suggest this, they were happy to support it if others felt it would be helpful.

RH raised that the Licence obliges National Grid NTS to share a copy of its network model with Ofgem. He explained that in accordance with the Licence it was being validated by an external party before being passed to Ofgem, and the intention was to keep the Workstream updated with progress.

MW reminded attendees about his request for feedback on the Gas Access team, and encouraged all to respond.

4. Diary Planning

The next Workstream will be held at 10:00 on 08 January 2009 at Elexon, 350 Euston Road, London NW1 3AW. Details of future meetings may be found on the Joint Office website at: www.gasgovernance.com/Diary).

Action Log – UNC Transmission Workstream: 04 December 2008

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 1085	03/04/08	1.2	Provide updates to the Workstream on progress with The Gas (Calculation of Thermal Energy) Regulations.	Ofgem (POD)	Carried Forward
TR 1097	03/07/08	2.2.3	Ofgem to consider and report back whether they would wish to encourage the establishment of a group involving all stakeholders, both Government and industry, to look holistically at gas emergency arrangements.	Ofgem (DS)	Carried Forward
TR 1101	02/10/08	2.1.1	Modification Proposal 0219: National Grid NTS to provide costs in respect of the Modification Proposal as it currently stands, and in respect of the additional data items.	National Grid NTS (RH)	Included in Modification Report Closed
TR 1102	02/10/08	3.1.1	Rationalisation of Maintenance Planning Dates and Timescales - National Grid NTS to produce a revised draft Proposal for discussion at the next Workstream meeting.	National Grid NTS (RH)	Carried Forward
TR 1201	04/12/08	2.1.1	National Grid NTS to consider whether graphical information can be published following subsequent QSEC auctions.	National Grid NTS (FH)	
TR 1202	04/12/08	2.2.1	National Grid NTS (SF) to publish a timeline of potential events leading to implementation of Proposal 0195AV on 1 April 2009.	National Grid NTS (SF)	

Action Log – Substitution Workshop 4 (09 July 2008) – Outstanding Actions

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
SUB 001	08/04/08	3.0	Ofgem to consider producing a document, prior to the first substitution auction, setting out its rationale for approving	Ofgem (POD)	Transferred to Substitution Workshops

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
			substitution applications.		Carried Forward
SUB 005	07/05/08	4.0	Consider and report back whether it is able to model the effect on gas prices of various substitution scenarios.	Ofgem (POD)	Transferred to Substitution Workshops Carried Forward