

Transmission Workstream Minutes

Thursday 04 June 2009

Elexon, 350 Euston Road, London NW1 3AW

Attendees

John Bradley (Chair)	JB	Joint Office
Tim Davis (Secretary)	TD	Joint Office
Amrik Bal	AB	Shell
Andrew Pearce	AP	BP
Angus Paxton	AP2	Poyry
Chris Shanley	CS	National Grid NTS
Chris Wright	CW	Centrica
Claire Dykta	CD	National Grid NTS
David Linden	DL	BP
Fraser Ashman	FA	Wingas Storage
Graham Jack	GJ	Centrica
Ian Taylor	IT	Northern Gas Networks
Jean-Raymond Rastoul	JR	Gaselys
Jeff Chandler	JC	Scottish and Southern Energy
Joy Chadwick	JC2	ExxonMobil
Keith Dixon	KD	Northern Gas Networks
Kirsten Elliott-Smith	KES	ConocoPhillips
Mark Dalton	MD	BG Group
Martin Watson	MW	National Grid NTS
Nolan Robertson	NR	National Grid NTS
Olaf Islei	OI	Ofgem
Paul O'Donovan	POD	Ofgem
Peter Parsons	PP	National Grid NTS
Phil Hobbins	PH	National Grid NTS
Rekha Patel	RP	Waters Wye Associates
Richard Fairholme	RF	EON UK
Richard Jones	RJ	xoserve
Richard Street	RS	Corona Energy
Roddy Monroe	RM	Centrica Storage
Shelley Rouse	SR	Statoil UK
Stefan Leedham	SL	EDF Energy
Steve Gordon	SG	ScottishPower
Steve Rose	SR2	RWE npower
Steven Sherwood	SS	Scotia Gas Networks

1. Introduction

JB welcomed attendees to the meeting.

1.1. Minutes from the previous Workstream Meeting (07 May 2009)

Subject to some minor amendments, minutes of the previous Workstream meeting were approved.

1.2. Review of Outstanding Actions

1.2.1. Actions from the Workstream

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: No further progress to report

Action carried forward

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: National Grid NTS asked that this be carried forward. **Action carried forward**

Action TR0501: National Grid NTS to demonstrate the impact on transportation charges of a baseline re-jig.

Update: MW reported that National Grid NTS had done some analysis on this and concluded that the impact was minimal. It was therefore agreed that this action be closed. **Action closed**

Action TR0502: Feedback on National Grid NTS's suggestions for re-jigging DN baselines to be sent to MW.

Update: Seven responses had been received.

Action closed

Action TR0503: National Grid NTS to prepare a note describing the tools available to manage flexibility at entry and exit.

Update: A note had been published on the Joint Office website

Action closed

Action TR0504: Feedback on Ofgem's flexibility presentation to be sent to POD in order to inform the way forward.

Update: POD reported that no specific feedback had been received on this issue

Action closed

1.2.2 Actions carried over from Substitution Workshops

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

and

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

Update: Both actions carried forward until such time as the way forward becomes clearer. **Action carried forward**

SUB017: Develop and present generic cost profiles based on recent projects.

Update: Action to be closed on publication of the consultation document.

Action 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 live and recently closed Modification Proposals.

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/>.

On Topic 003TR "Review of NTS Exit Capacity Arrangements", JR expressed some concern on the impact the NTS Exit Arrangements would have on Rough injection. MW offered to discuss this with Gaselys.

¹ The Modification Proposals Register is available to view at: <http://www.gasgovernance.com/Code/Modifications/>.

A status report on Proposals awaiting Ofgem's decision is available to view at: www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=4&refer=Licensing/IndCodes

On Topic 006TR “Entry Capacity” MW agreed to update the Workstream on progress with assignment

Action TR0601: National Grid NTS (MW) to update Workstream with progress on assignment.

1.4. Related Meetings and Review Groups

JB reported that the Gas Operational Forum had not met since the last Workstream.

POD indicated that Ofgem had received in excess of twenty responses to its consultation on Carbon Capture Storage, which were being considered.

2. UNC Modification Proposals

No issues were raised.

3. Topics

3.1. Market Information Provision Initiative (MIPI) Update

NR presented an update on MIPI on behalf of National Grid NTS. A Workshop to provide further details of the planned changes has been arranged for 18 August.

3.2. Safety Monitors

PP presented an update on Safety Monitors, on behalf of National Grid NTS. He confirmed to MW that National Grid NTS had decided to move to a single storage classification - this was not a proposal that is subject to consultation. RS asked if the Storage Operators Group had been consulted, and it was clarified that this was partly a response to the case put forward by a number of storage operators that there should be a single classification.

RM asked whether the closure of Dynevor Arms had increased the demand for space at other storage sites. PP said that the demand for deliverability identified through the Safety Monitor process was lower than in the previous year due to the reduction in demand.

PP emphasised that National Grid NTS intended to publish additional data regarding the Safety Monitor, deliverability and storage stocks as the year progressed, and that a specific workshop was planned for later in the year, plus updates to the Operational Forum and, potentially, the Demand Side Working Group. This additional market information should help all players identify any anticipated difficulties and to respond appropriately.

3.3. 022TR European Transparency Requirements

OI reported on the current position of the European Transparency project, and gave a view on the next steps (improved European gas storage transparency and new proposals from the European Commission regarding transmission transparency). Attendees were encouraged to take advantage of the opportunity to provide comments on the draft comitology proposals, and OI would welcome input to himself regarding views such that Ofgem could put these forward.

RM asked if there was anything in the proposals with which GB was not compliant. OI responded that there is scope for interpretation and it could be concluded GB is not fully compliant.

JC asked what was implied about publishing gas quality specifications, and OI said that his interpretation was that this was generic regarding the specification which had to be met rather than publishing specific details from individual agreements at each entry point. This demonstrated the importance of reading the document which leaves some scope for interpretation and there would be merit in seeking to ensure the drafting is as clear as possible.

OI also provided an update on progress towards creating European Cross Border Codes, including establishment of the Agency for Cooperation of European Regulators (ACER). MW asked if ACER governance and voting had been decided – would this be qualified majority or would Ofgem hold a veto. OI responded that this had not been decided as yet.

OI indicated a number of areas in which Shipper and consumer involvement would be helpful to ensure the GB position would be fully represented, including responding to impact assessments, which Ofgem was pressing to see issued as soon as possible.

SR2 asked if some advice could be made available, potentially through GTE, regarding where information can be found and how it may be accessed. OI emphasised that efforts were focused on individual TSOs and not on getting the information aggregated and presented in a single place. However, he would put relevant links on the Ofgem website. MW offered that National Grid NTS could provide an update on GTE developments, and it was agreed this would be useful.

Action TR0602: National Grid NTS (MW) to update Workstream on GTE developments.

3.4. 003TR Review of NTS Exit Capacity Arrangements

3.4.1. System Flexibility

PH presented on behalf of National Grid NTS, setting out some of the data which National Grid NTS felt would help to demonstrate the potential use of flexibility. It was planned to hold a specific workshop to look specifically at this issue.

RM asked about the interaction between flexibility and other proposals around entry and exit – the way in which gas is put on and taken off the network. Some joined up thinking would be helpful. If a flexible network is needed going forward, this should be considered when substitution options are looked at. PH recognised that flexibility is an issue at both entry and exit and that a holistic view would be valuable. MW confirmed that the need to look widely was one of the reasons why National Grid NTS had consulted on three entry capacity substitution options. This allowed time for input to be provided and taken into account across all scenarios.

3.4.2. Baseline Adjustment

MW invited questions on the proposed baseline adjustment, on which an Ofgem consultation paper was expected imminently. None were forthcoming.

3.4.3. Exit Credit

CS presented on behalf of National Grid NTS. A spreadsheet setting out some thoughts on the risks and issues was available on the Joint Office web site (link below), and any comments on this more detailed information would be welcome.

www.gasgovernance.com/Code/Workstreams/TransmissionWorkstream/2009

SL questioned why any liability and hence risk was shown for customers at existing industrial sites when, under the proposed regime, only Shippers can book exit capacity. CS indicated that the assessment reflected the present position and suggested that looking at the supporting information within the spreadsheet should help to explain the analysis undertaken by National Grid NTS to try and quantify risk.

CS indicated that the proposed way forward, in light of the low risk, would be to remove the “loophole” which allows capacity booking liabilities to effectively be avoided on a year by year basis. AB asked if National Grid NTS had now concluded that the risk was also low at entry since the same arguments applied to individual points. MW felt there was some difference, because exit obligations were more likely to be taken on than entry obligations and the use of demonstration dates at exit further reduced risk. AB repeated his case that entry risk was similarly low at a specific point – gas fields do not move in the same way that power stations do not move and hence the risk of capacity not being used is comparable.

POD indicated that the Ofgem Impact Assessment on entry would be issued by the end of June and, while focussing on entry, would include exit.

There was general support that the full Proposal put forward at entry (0246) should not be pursued at exit. On this basis, CS agreed to provide a draft Modification Proposal for consideration at the next meeting.

Action TR0603: National Grid NTS (CS) to provide a draft proposal to close the current loophole by which shippers can currently avoid exit capacity booking liabilities each year.

3.5. 008TR Entry Capacity

3.5.1. IECR Consultation Update

MW reported that the consultation period is open but that no significant changes were proposed. No issues were raised.

3.5.2. Entry Substitution Consultation Update

MW reported that the consultation period is open. No issues were raised.

3.5.1. RMTTSEC Methodology Consultation

MW reported that one response was received to the consultation, which proposed no change. A report to this effect was with Ofgem.

4. Any Other Business

GJ asked if the Exit Capacity Release Methodology Statement had been approved. MW indicated that no veto had been received from Ofgem and, consequently, it had been approved by default. POD indicated that Ofgem anticipated issuing a decision letter shortly.

5. Diary Planning

The next Transmission Workstream will be held at 10:00 on Thursday 02 July 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 June 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
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 (POD)	Carried forward
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 0501	07/05/09	3.1.1	Demonstrate the impact on transportation charges of a baseline re-jig.	National Grid NTS (MW)	Impact reported as minimal Closed
TR 0502	07/05/09	3.1.1	Feedback on National Grid NTS's suggestions for re-jigging DN baselines to be sent to MW.	All	Seven responses received Closed
TR 0503	07/05/09	3.1.2	Prepare a note describing the tools available to manage flexibility at entry and exit.	National Grid NTS (MW)	Note published Closed
TR 0504	07/05/09	3.1.2	Feedback on Ofgem's flexibility presentation to be sent to POD in order to inform the way forward.	All	No specific feedback received Closed
TR 0601	02/06/09	1.3	Update Workstream with progress on assignment.	National Grid NTS (MW)	
TR 0602	02/06/09	3.3	Update Workstream on GTE developments.	National Grid NTS (MW)	
TR 0603	02/06/09	3.4	Provide a draft proposal to close the current loophole by which shippers can currently avoid exit capacity booking liabilities each year	National Grid NTS (CS)	

Action Log – Carried Forward from Substitution Workshops: 04 June 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
SUB 001	08/04/08	3	Ofgem to consider producing a document, prior to the first substitution auction, setting out its rationale for approving substitution applications	Ofgem (BK)	Carried forward
SUB 005	07/05/08	4	Consider and report back whether it is able to model the effect on gas prices of various substitution scenarios.	Ofgem (BK)	Carried forward
SUB 017	07/01/09	3.4.2	Develop and present generic cost profiles based on recent projects.	National Grid NTS (MW)	To be included in Consultation Document Carried forward