

**Transmission Workstream Minutes**  
**Thursday 2<sup>nd</sup> March 2006**  
**held at 350 Euston Road, London**

**Attendees**

John Bradley (Chair)	(JB)	Joint Office
Dennis Rachwal (Secretary)	(DR)	Joint Office
Charles Ruffell	(CR)	RWE npower
Christiane Sykes	(CS)	EON UK
Jeff Chandler	(JChan)	Scottish and Southern Energy
John Baker	(JBa)	Interconnector UK
John Costa	(JC)	EdF Energy
Lisa Waters	(LW)	Waters Wye Associates
Matteo Guarnerio	(MG)	Ofgem
Merel Van Der Neut Kolfshoten	(MK)	British Gas Trading
Mick Curtis	(MC)	e=mc <sup>2</sup>
Mike Young	(MY)	British Gas Trading
Paul Roberts	(PR)	National Grid NTS
Phil Broom	(PB)	Gaz de France
Rachel Turner	(RT)	Centrica
Ritchard Hewitt	(RH)	National Grid NTS
Roddy Monroe	(RM)	Centrica Storage Ltd
Sharif Islam	(SI)	Total Gas and Power
Shelley Rouse	(SR)	Statoil
Sophie Tolley	(ST)	Ofgem
Stefan Leedham	(SL)	Chemical Industries Association
Steve Pownall	(SP)	National Grid NTS
Stuart Waudby	(SW)	Centrica Storage Ltd
Tim Davis	(TD)	Joint Office

**1. Status Review****1.1. Minutes from March Workstream Meeting**

The minutes from February 06 were accepted.

**1.2. Review of Outstanding Actions**

Further to the Action Log circulated on 6-Feb-06 as part of the minutes, an update is attached, incorporating actions raised at this meeting. Action TR1041 was closed as the Workstream report on Mod 073 has been submitted and the other open actions were carried forward.

**1.3. Review of Workstream's Modification Proposals and Topics**

*The Modification Status Report was updated*

There were no changes from that circulated on 22-Feb-06 other than for Mod 066 on notice of planned maintenance an implementation notice has been issued with an effective date of 1-Mar-06.

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*The Topic Status Report was updated*

- 003TR NTS Exit Capacity – see item 3.1
- 004TR Emergency Arrangements – see item 3.2
- 008TR Entry Capacity – see item 3.3
- 009TR Provision of Information to Market – ST encouraged responses to Ofgem’s Impact Assessment on Mod 006 and indicated that a decision from the Authority was expected in April 06.
- 014TR Operating Margins Procurement – RH indicated that the Invitation for Proposals was expected imminently. *Post meeting note Request for Proposals circulated 6-Mar-06 with responses required by 10-May-06*
- 005TR Constrained Top Up – RH indicated that NG NTS were awaiting the outcome of LNG auctions before determining any course of action.

#### 1.4 UNC Modification Matters arising from Transmission Operational Forum

JB reported there were no matters of significance, observing that there seemed to be more understanding of the P70 process for emergency curtailment although parties were not necessarily content with it.

## 2. Modifications for Workstream Development

None

## 3. Discussion of Topics

### 3.1. Topic 003TR Review of NTS Exit Capacity Arrangements

#### – update from Ofgem Enduring Offtake Seminar and Working Group (24-Feb)

Ofgem (MG) gave a brief update stating that the seminar provided a high level view of relevant elements of Ofgem’s Transmission Pricing Control Review consultation and the responses it has received. Ofgem also presented its views on User Commitment Models and National Grid NTS gave an overview on possibilities for Product Definition and Capacity allocation. The working group had discussed presentations from National Grid NTS on ‘long term allocation of capacity’, ‘addressing issues with shipper long term contracting’, and ‘further thinking on the flexibility product including overruns’. Finally Ofgem gave its initial views on ‘revenue drivers and buy back’. The next meeting was scheduled for 10am 8<sup>th</sup> March and would consider ‘interruption’, a ‘NG NTS straw man based on the expanding flexibility products’, and ‘interaction between shippers and consumers’. MY reported that BGT was scheduled to provide a paper on ‘end user commitment that was permissible under the Gas Act’. The next step after 8-Mar-06 meeting was scheduled to be Ofgem’s next Transmission Pricing Control Review consultation targeted for 31-Mar-06.

### 3.2. Topic 004TR Emergency Arrangements

#### 3.2.1 Ofgem update on Gas Safety Reserve Procurement meeting – (1-Mar-06)

Ofgem (ST) gave a brief update stating that options for “above the line” (prevent emergency) and “below the line” (access to gas safety reserve) had been identified and briefly evaluated. Further evaluation would be reported and discussed at the next meeting on 21-Mar-06.

### 3.2.2 Review of UNC Section Q Emergency Arrangements.

National Grid NTS (SP) gave a presentation that explained the rationale further to the "Proposed Changes" note and "proposed revised legal text for Section Q Emergency Arrangements" that were circulated on 28-Feb-06. The presentation outlined the intention for 'simplification and clarification', the 'inclusion of those elements of Mod 035 Proposal that Ofgem supported', and 'removal of potential ambiguity about ECQ claims prices arising from Mod 044'. No change to the NEC Safety Case was proposed. CR requested an opportunity for the Distribution Workstream to consider the text, and several parties requested more time to assess whether the proposed text was sufficiently clear and developed to recommend to Panel that it is ready for formal consultation. SP observed that these requests could be accommodated within the timing he had presented.

### 3.3. Topic 008TR Entry Capacity

National Grid (NTS) PR gave a presentation that reported issues arising from the February AMSEC auction, outlined two options (transfer of either unsold or sold capacity) for optimisation of capacity between ASEPs, and highlighted the development work required to take optimisation forward. The timetable was such that the first full year was only feasible for 2007 but some transitional provisions may be possible.

In discussion:-

- i) LW emphasised the need to match purchases of ASEP capacity to physical delivery of gas
- ii) SI asked whether transfer of sold capacity could be extended to holdings prior to the AMSEC auction in question
- iii) MY asked if there was a possibility that capacity might be released above the SO baseline and PR observed that another option might be to move baseline capacity between ASEPs.
- iv) RT explored the physical limits of transfer, enquiring if transfer to St Fergus would be possible and MG enquired whether "exchange rates" would be ex-ante or set later. PR acknowledged the points and indicated that this was the sort of detail for development work.
- v) JC enquired where the need had come from and what were the reasons that users had not bid in LTSEC. PR noted this but stated the initiative was to address the prevailing apparent mismatch between supply and demand of constrained entry capacity.
- vi) TD observed that a simple solution might be to develop a mechanism which had the effect of sterilising unsold ASEP capacity such that additional capacity could be confidently allocated at other ASEPs. The mechanism would need to recognise the licence requirement of offering capacity in at least one clearing allocation.
- vii) LW observed that small traders would not favour further complexity in the auction arrangements.
- viii) Several parties expressed support for satisfying demand for capacity where it is scarce.

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

RH alerted the Workstream to National Grid's response<sup>1</sup> to the announced extended outage of Rough storage facility and a small increase in the level of non-storage supply.

RH also alerted the Workstream to a meeting on 9<sup>th</sup> March that would present National Grid LNG's Annual Storage Invitation.

PR alerted the Workstream to National Grid's intention to conduct an IECR consultation that seeks to address the cost driver effect of rising steel prices on incremental entry capacity prices.

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

##### **Transmission Workstream**

**Date:** Thursday 6<sup>th</sup> April 2006

**Start Time:** 10:00 am

**Venue:** Elexon, 350 Euston Road, London

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<sup>1</sup> <http://www.nationalgrid.com/NR/rdonlyres/8056C83C-BBE6-4E81-B5E7-5EC0805EE22F/6232/StorageMonitorsnotetoShippersMarch20061.pdf>

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**Appendix A Action Log – UNC Transmission 6<sup>th</sup> March 2006**

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
TR 1041	2/2/06	2.2 Mod073	finalise the Workstream report on Proposal 073 and submit to February Panel.	Joint Office	<b>Closed</b> Workstream report submitted to Panel and Draft Mod Report circulated with Reps close out 6-Mar-06
TR 1043	2/2/06	3.3.2 Topic 008TR	seek views from Transmission Operations Forum on running LTSEC auctions in June.	National Grid NTS (DA)	Carried forward.
TR 1044	2/2/06	3.4 Topic 013TR	draft a modification proposal for Class 3 UK Link Modification Proposal for a capacity trading interface to Gemini as defined in UK Link Change Request 13658.	National Grid NTS (PR)	Discussions with BP. Carried forward.

\* key to initials of action owners

DA – Dave Adlam, PR – Paul Roberts