

**Transmission Workstream Minutes**  
**Thursday 3<sup>rd</sup> November 2005**  
**held at 350 Euston Road, London**

**Attendees**

John Bradley (Chair)	(JB)	Joint Office
Dennis Rachwal (Secretary)	(DR)	Joint Office
Alan Raper	(AR)	National Grid UKD
Beverley Grubb	(BG)	Scotia Gas Networks
Charles Ruffell	(CR)	RWE npower
Chris Logue	(CL)	National Grid NTS
Christiane Sykes	(CS)	EON UK
Claire Roslyn	(CR)	Ofgem
Frank Gracias	(FG)	National Grid NTS
Hannah Cook	(HC)	Ofgem
James Cox	(JaCox)	ILEX
Jeff Chandler	(JCh)	Scottish and Southern Energy
John Costa	(JCos)	EdF Energy
Kevin James	(KJ)	Ofgem
Lisa Waters	(LW)	Waters Wye Associates
Liz Spierling	(LS)	Wales and West Utilities
Mark Freeman	(MF)	National Grid UKD
Matteo Guarnerio	(MG)	OFGEM
Mick Curtis	(MC)	$E=mc^2$
Mike Young	(MY)	British Gas Trading
Ndidi Njoko	(NN)	Ofgem
Nigel Sisman	(NS)	National Grid NTS
Phil Broom	(PB)	Gaz de France
Rachel Turner	(RT)	Centrica
Ritchard Hewitt	(RH)	National Grid NTS
Sharif Islam	(SI)	Total Gas and Power
Shelley Jones	(SJ)	Statoil
Simon Bradbury	(SB)	Ofgem
Stefan Leedham	(SL)	Chemical Industries Association
Steve Gordon	(SG)	Scottish Power
Yasmin Sufi	(YS)	ENI UK

## 1. Status Review

### 1.1. Minutes from October 05 Workstream Meetings

The minutes from 6<sup>th</sup>, 13<sup>th</sup>, 19<sup>th</sup> and 21<sup>st</sup> October were accepted.

### 1.2. Review of Outstanding Actions

See Action Table Appendix for updates. Action TR1002 was revised to the Joint Office to write to the NEC expressing the workstream request for a more inclusive process for Safety Case development.

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

*The Modification Status Report was updated 7 November 2005*

The changes since 27 October 2005 may be summarised as follows: Urgent Proposals 0061 and 0062 had been raised – see item 3.2, Proposal 060 is out for consultation – see item 3.1 and Proposal 052 representations closed out 4-Nov-05. Proposal 006 has an additional consultation opened on legal text for energywatch with representations closing out 22-Nov-05 – see item 3.3. Panel had requested a Post Implementation Review of Urgent Mod 044.

SB indicated that an Ofgem decision on Proposals 035 and 050 were imminent and that Impact Assessment for Proposal 049 was intended to be a 28-day consultation launched mid-November.

On Proposal 046, LS highlighted that early implementation would remove the current uncertainty that DNs have in respect of unapproved capacity applications.

*The Topic Status Report was updated 7 November 2005.*

- 003TR NTS Exit Capacity – National Grid NTS announced intention to re-consult following issues raised and resultant discussion with Ofgem on matters arising from the first consultation.
- 004TR Emergency Arrangements – see item 3.2

In response to a query from LW the following action was agreed.

**Action TR1025** National Grid NTS (RH) to consider whether the revised Fuel Security Code impacted NTS System Operation and whether there may be potential consequential broader impacts.

- 009TR Provision of Information to Market – see item 3.3
- 011TR Balancing Neutrality Finance Adjustment Interest Rate – see item 3.4
- 012TR Maintenance Planning – see item 3.1

In addition to these discussions, there was workstream consensus for Topic 007TR Section O System Planning to be closed, and for Topic 008TR Entry Capacity to be put on hold.

## 2. Modifications for Workstream Development

### **Modification Proposals 054 / 054a on Emergency Curtailment Quantity (ECQ) Methodology and its governance.**

Further to the draft Workstream Report (circulated 28-Oct-05), the proposers each outlined key elements of their proposals ahead of discussion and work to finalise

submission to Panel on 10<sup>th</sup> November for a determination on whether or not to send the proposals to consultation.

RH expressed the view that the ECQ methodology was an operational document arising from implementation of Mod 044 and argued that Mod 054 sought to bring the methodology under the governance of the UNC Committee where a majority (including at least one User representative) would be required to implement any revision proposed by Transporters. In discussion it was emphasised that Mod 054 proposed no change to the [ECQ Uniform Calculation Methodology v1.0](#), only the addition of a governance arrangement for this document, thus there were no associated IT costs or works associated with Mod 054.

CS expressed the view that the ECQ methodology could have substantive impacts on shippers and that the Uniform methodology was deficient from a shipper perspective in comparison to the previous provisional NTS methodology. She argued that Mod 054a sought to bring the methodology under the governance of the UNC Modification Rules thus allowing shipper led as well as Transporter led proposals for amendment, and also sought to change the Uniform methodology to essentially the provisional NTS methodology. CS argued that Mod 054a ECQ methodology would provide Users and the System Operator a more rigorous robust quantification of system demand. She argued that the prevailing Uniform ECQ methodology gave optionality to different gas transporters that could lead to inconsistent outcomes.

Operational aspects of the use of emergency and shipper interruption notices were discussed and the workstream noted that this was being addressed at the Operational Forum on 9<sup>th</sup> November.

In terms of ECQ methodology shipper concerns centred on assurance that OPNs would be used where available, and strong concern that SOQs may give misleading estimates of interruption. DN representatives highlighted the need for IT development to have the preferred historic D-7 quantity but they were reluctant to invest whilst there was uncertainty on the ECQ methodology for this winter, preferring to continue with manual spreadsheets and use of SOQ data for embedded DM sites whilst this uncertainty remained.

Discussion concluded with an invitation to each proposal to submit, if they so wished, clarifying documentation that might assist Panel determine that their proposal was sufficiently clear for consultation. Further, there was workstream consensus for the Joint Office to update the Mod 054 / 054a draft workstream report in keeping with the above discussion.

**Action TR1026** Joint Office would update Mod 054 / 054a draft workstream report and submit this together with any clarifying material from proposers for Panel determination on consultation on 10<sup>th</sup> November 2005.

### 3. Discussion of Topics

#### 3.1. Topic 012TR Maintenance Planning

Scottish Power (SG) ran through the presentation (as circulated 28-Oct-05) which outlined the case for review of Section L of the UNC, highlighted an aim to ensure that information that should be provided is provided (Mod 060), outlined the National Grid NTS operational initiative on Maintenance Planning and indicated an intention to raise a Modification Proposal to codify this approach. Finally the following “other issues” were flagged: -

- Differences between Distribution and Transmission Maintenance Programmes
- Potential benefit of Classification/Categorisation of Different Types of Works
- Publication of Inspection Programme Information

- Incentivising an Efficient Maintenance Programme

**Action TR1027** SG to raise Modification Proposal(s) and provide further material for the workstream to consider for progressing resolution of the Maintenance Planning Topic.

## 3.2. Topic 004TR Emergency Arrangements

### 3.2.1 Review of the subject matter of Urgent Modification 044 – terms of reference

JB [RH] highlighted that the two elements of the subject matter of Urgent Modification 044 were Emergency Curtailment, and Emergency Cash Out arrangements. The former was being progressed by Proposals 054 / 054a, so it was proposed that the Review should focus on the subject of cash-out pricing in the event of a sudden emergency.

All other aspects highlighted in Ofgem's decision letter on Modification 044 have on-going actions already in progress and Panel had voted for a narrow rather than a broad Review.

**Action TR1027** National Grid NTS (RH) to submit draft terms of reference for Review of Urgent Modification 044 to Panel.

### 3.2.2 Progressive and Rapid Emergency Cashout Arrangements

SI of Total Gas and Power tabled a discussion paper (circulated after the meeting on 4-Nov-05) that argued there should be sufficient time for shippers to respond to the sharper incentives in Mod 044 and that this time would not be available in "Rapid" emergencies. The paper advocated differentiation between "Progressive" and "Rapid" emergencies with the latter defined as declaration of a National Gas Supply Emergency where no "Gas Balancing Alert" had been issued. The paper then briefly set out questions on emergency cash out arrangements that differed from those of Mod 044 for rapid emergencies, since Mod 044 provisions may be unduly onerous in such circumstances.

**Action TR1029** In response to the request of the workstream, Joint Office to arrange extra Transmission Workstream to progress discussion of cash out for rapid emergencies.

### 3.2.3 Urgent Modification Proposals 061 and 062 on Gas Balancing Alerts (GBAs) and further Demand-Side Response

National Grid NTS (RH) ran through the presentation (circulated after the meeting on 4-Nov-05) that set out the aims for a clear signal when demand response is likely to be required for system balance; a mechanism that permitted multiple days for parties that are unable to turndown for short periods; and a route for the residual balancer to access gas that was not available on the OCM. RH emphasised that these proposals intended to take forward development discussions from Ofgem's Demand Side Working Group.

Mod 062 proposed a D-1 alert that was similar to that outlined to the workstream on 6-Oct-05 but an option had been added for a within day GBA in the event a supply loss greater than 25 MCM/D when demand is forecast to exceed anticipated supply. There was no clear workstream consensus to either include or exclude this option. One issue identified was the possibility of multiple events where no single event exceeded the threshold but in aggregate the threshold was exceeded. In response to queries RH pointed out that existing information sources on within day system balance and shipper alerts would continue.

RH emphasised that Mod 061 proposed adding to the primary OCM for the residual balancer where a GBA had been issued, market participants were not on the OCM, and that multi-day offers would be considered in the context of the obligation for economic and efficient operation. These provisions could be progressed urgently since they involved no material change to the Safety Case. JCos expressed concern at the inevitable delay in publication of SAP and SMP when such non-OCM trades were accepted, and he also requested information about the number of non-OCM parties. RH acknowledged there would be some delay and indicated imminent discussions with the OCM operator seeking to explore this issue, and he also asked workstream members to assess materiality – there may be very few non-OCM trades, but National Grid NTS definitely did not have access to specific information on this. In response to concern that a small volume OTC trade could set a high SMP price RH explained that efficient and effective residual balancing relies on price signals early in the Day (to which shippers generally respond) but towards the end of the Day relies on trading the necessary volume.

**Action TR1030** National Grid NTS (RH) to issue on 7-Nov-05 (via Joint Office) Mods 061 and 062 for consultation, incorporating revision (if any) arising from 3-Nov-05 discussion.

The workstream noted that the extra meeting would also provide opportunity for update and additional questions on Mods 061 and 062 during the consultation period.

### **3.3. Topic 009TR Provision of Market Information**

#### **3.3.1 IS Project (and Ongoing) Costs for energywatch UNC mod 006**

In response to the open letter sent by Ofgem, National Grid NTS (RH/CL) reported there was no further update available at this time and that the IS analysis work (and therefore cost) had already extended beyond the norm prior to a decision by Ofgem. KJ explained that Ofgem were seeking to understand costs in the context of DTI Information Release developments.

**Action TR1031** National Grid NTS / Ofgem to update the workstream on the outcome of their scheduled meeting on the issue of Mod 006 IS implementation costs.

#### **3.3.2 Ofgem consultation on cost / benefit of Mod 006**

KJ highlighted the on-going consultation launched by Ofgem that requested market participants to express views on the potential benefit of detailed information release (with reference to the historic illustrative data), and also on the cost or potential detrimental effect of such information release. Representations close out 11-Nov-05

#### **3.3.3 energywatch consultation on legal drafting of Mod 006**

In a response to a request from energywatch representative, Joint Office had circulated Final Modification Report version 5.0 containing legal text on 1-Nov-05 and gave notice of a post meeting note [sent 4-Nov-05]. Representations close out 22-Nov-05.

### **3.4. Topic 011TR Balancing Neutrality Finance Adjustment Interest Rate**

National Grid NTS (RH) explained that the Energy Balancing Credit Committee had identified an issue with the UNC that could lead to the community receiving interest that was outside the principles of neutrality charging. The draft Mod Proposal (circulated 28-Oct-05) sought to reflect that the Neutrality Bank Account should earn/pay interest at a 'prevailing rate' rather than 'base rate'. In response to a query RH indicated the matter was not material at present but the correction was needed in case circumstances changed. There was workstream consensus to recommend to Panel that such a Modification Proposal should proceed direct to consultation.

**Action TR1032** National Grid NTS (RH) to raise Mod Proposal to Amend the BNFA Neutrality Interest Rate and request Panel to send it direct to consultation.

#### **4. Diary Planning**

##### **Extraordinary Transmission Workstream (Topic 004TR)**

**Date:** Friday 11 November 2005

**Start Time:** 10:00 am

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

##### **Transmission Workstream**

**Date:** Thursday 1 December 2005

**Start Time:** 10:00 am

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