

Transmission Workstream Minutes
Thursday 7th September 2006
held at 350 Euston Road, London

Attendees

John Bradley (Chair)	JB	Joint Office
Dennis Rachwal (Secretary)	DR	Joint Office
Amrik Bal	ABal	Shell
Alex Barnes	ABar	BG Group
Angela Love	AL	Pöyry Energy
Alan Raper	AR	National Grid UKD
Alex Thomason	AT	National Grid NTS
Chris Logue	CL	National Grid NTS
Carol Pitkeathley	CP	energywatch
Charles Ruffell	CR	RWE Npower
Christiane Sykes	CS	Statoil
Chris Wright	CW	Centrica
Dave Adlam	DA	National Grid NTS
Ed Carter	EC	Ofgem
Fiona Lewis	FL	BP
Heather Lockyer	HL	National Grid LNG
Julie Cox	JCox	AEP
Jeff Chandler	JeCh	Scottish & Southern Energy
Joy Chadwick	JoCh	Exxonmobil
Phil Broom	PB	Gaz de France Energy
Paul Roberts	PR	National Grid NTS
Roddy Munroe	RM	Centrica Storage Ltd
Richard Norris	RN	Hess Energy Power & Gas Co
Rachel Turner	RT	Centrica
Saheera Ahmad	SA	Petronas
Steve Gordon	SG	Scottish Power
Stefan Leedham	SL	EDF Energy
Stuart Waudby	SW	Centrica Storage Ltd
Tim Davis	TD	Joint Office

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

The minutes were accepted with one minor correction.

1.2. Review of Outstanding Actions

Appendix A provides a tabular summary.

Action TR1046 was carried forward. and is related to item 3.1 below.

Action TR1048 was carried forward and is related to item 2.1 below.

Action TR1049 closed – NG NTS made minor revision to Modification Proposal 101 and this was sent for consultation by Panel in August.

Action TR1050 closed NG NTS (CL) reported that electronic transmission of OPNs was scheduled to commence with sub terminal operators at the end of September and the intention was to roll this out as an option for other parties in later months. Further update and detail would be provided at Transmission Operations Forum on 26 September.

Action TR1051 closed - NG NTS gave a presentation – see item 3.2 below.

1.3. Review of Workstream's Modification Proposals and Topics

Modification Status Report

JB ran through the status of Live Transmission Modifications Proposals. There was no view available from Ofgem at this meeting regarding its decision on Modification Proposal 0093 "Amendment of Interconnector UK's Meter Flow Rates."

Topic Status Report

JB ran through the Topic Report.

003TR "Review of NTS Exit Capacity Arrangements". NG NTS Business Rule review was in progress (Extra Workstream meetings on 5th and 12th September) and NG NTS stated its intention to raise a Modification Proposal for consideration at September Panel.

004TR Emergency Arrangements. There was nothing relevant to Transmission to report from Ofgem's Demand Side Working Group meeting of 1st September and no attendees advocated progression of Terms of Reference following implementation of Urgent Modification Proposal 0044 on 1 October 2005. Ofgem have arranged a "Gas Contingency Arrangements Seminar"¹ for 13 October and National Grid have arranged an event for 24 October to address requests for explanation of emergency arrangements. No party has indicated intention to progress UNC differentiation for "rapid emergencies". There was consensus to close the topic.

Topics 008TR and 015TR were discussed – see items 3.1 and 3.2. NG NTS requested that Topic 014TR be retained on hold.

1.4 Update from Billing Operational Forum of 24 August

NG NTS (CL) explained there has been an on-going process to manage reconciliation arising from a meter error at Farningham Offtake. The error was inherently difficult to discover and was only identified through an audit. It seems erroneous quantities have built up over manner years. CL indicated that, following representations from shippers, NG NTS were considering whether there was a relevant statutory limited period of 6 years on which invoices were payable, and if so to consider raising a modification proposal to have this clearly recognised in the UNC. NG NTS might seek urgent procedures such that, if approved, provisions would be in place prior to the planned issue of reconciliation invoices in respect of Farningham. The next Billing Operational Forum is scheduled for 27 September.

2. Modifications

2.1 Proposal 0097 "Modification to release aggregated ex-post information for pipeline interconnector offtake flows" proposed by EON UK.

The paper from EON UK "Proposed Amendments to Modification Proposal 0097" was discussed. CS understood that this was EON's response to requests for the information to be available to consumers as well as shippers.

NG NTS (CL) would prefer that the Proposal did not prescribe the IT solution and considered this may be unprecedented. CL also reported that NG NTS was pursuing evaluation of IT costs and development time. Regarding display on Gemini Meter Energy list, CL reported that currently the batch transfer of this data into Gemini did not occur until about 2pm and analysis continued for a mechanism to bring this forward. Gemini costs seemed likely to be higher than the £50k-£150k indication for a web

¹ <http://www.ofgem.gov.uk/ofgem/about/diary.jsp>

solution. In discussion it was apparent that some shippers would like the data on Gemini at the earlier hour of 11am for efficient automated integration with their D-1 processes. As part of Action TR1048 CL agreed to liaise with the Proposer.

It was not possible to form a consensus on a potential revision to the Proposal in the absence of an EON representative.

2.2 Proposal 104 “3rd Party Proposal: Storage Information at LNG Importation Facilities”

In response to a question from Panel, Ofgem (EC) tabled a letter stating its view was that this Proposal does fall within the scope of the UNC. Some Workstream attendees expressed strong concern about the reasoning provided in the letter since it only applied to National Grid Grain and the Proposal did not single out this LNG Importation Facility.

energywatch (CP) introduced the Proposal as an action in response to extensive lobbying from many major consumers who felt further market transparency was necessary to assist with their decisions, for example, about demand side response.

Some Workstream attendees expressed strong concern about the background and justification set out in the Proposal and about the potential adverse impact of information release. Other Workstream attendees welcomed the potential additional information release. More detailed points from the debate were captured in the Workstream Report V1.0.²

Action TR1052 energywatch (CP) to consider points from the Workstream debate on Modification Proposal 0104 and set out its intended way forward.

Some Workstream attendees felt a more holistic approach to provision of market information was needed.

Action TR1053 Poyry (AL) to raise a topic and introduce a suggested way forward on market information.

2.3 Draft Proposal “Amendment of PX’s Network Entry Agreement”

NG NTS (CL) introduced the draft Proposal as a contractual solution for measurement of increased gas flows at the PX NTS entry facility at Teesside. This need arises from the installation of upstream LNG gasification shipping facilities. The Proposal was very similar in nature to Modification Proposal 0093 “Amendment of Interconnector UK’s Meter Flow Rates”. There was consensus to recommend to Panel that a Proposal substantially of this nature was sufficiently developed for consultation, and, as with Proposal 0093, a 5-day consultation period was acceptable.

CL introduced the idea of raising a more generic modification proposal that facilitated such changes, and this received support provided the scope was limited to changes in flow measurement ranges.

3. Discussion of Topics

3.1. Topic 008TR Entry Capacity – Optimising entry capacity allocation

Further to previous Workstream discussion and the NG NTS Proposed Model “Entry Capacity Transfers in the Constrained Period”, DA gave the presentation “Optimisation of Entry Capacity Modification Proposal”. This outlined reasons for and the nature of a proposed process for optimisation of entry capacity allocation and it went on to set out the key features. The next steps would be submission of a Modification Proposal for consideration at September Panel with a view to having a process in place for April 2007 or as soon as possible thereafter.

² <http://www.gasgovernance.com/Code/Modifications/LiveMods/>

CSL (RM) welcomed the progress but expressed concern about restricting the process to transfers within zones. PR recognised that the proposed process was simplified, but stated this was necessary in order to make it realistically achievable in the near future. Arising from discussion PR explained that the IECR would specify the mapping of entry points to entry zones, and NG NTS planned to run an IECR consultation in parallel to the Modification Proposal. PR agreed to consider providing more explanation for the basis of zoning.

Action TR1054 NG NTS (PR) to provide more explanation for the basis for entry zoning as envisaged for proposed entry capacity transfer process.

RM urged NG NTS to continue to pursue a mechanism that would address potential entry zone restrictions that will continue even if this initiative were implemented.

3.2. **Topic 015TR Constraint Management**

Following on from its August presentation, NG NTS (DA) gave the presentation "Constraint Management". This set out the goal and the increasing importance for review of the commercial framework on this topic. Four areas of analysis were outlined, together with measures that aimed to address the issues.

A) Strengthen the Entry Capacity Overrun incentives

This concept received Workstream support.

B) Allow restriction on the release of relevant unsold entry capacity for days on which a constraint is highly likely to occur.

This concept received Workstream support but assurance was sought that investment signals would not be weakened, and there should reasonable transparency on when it how it would be permitted.

C) Introduce a revised Entry Capacity Neutrality smear on a zonal basis

ABar and JoCh expressed the view that those shippers affected by an NG NTS constraint would face an inappropriately increased impact. DA explained that the intention was to reduce the impact on parties that were either not involved or were landing gas at locations that helped alleviate the constraint. ABar suggested that a more fundamental issue should be tackled regarding the rationing of capacity between shippers. Were there sufficient incentives on NG NTS?

D) Relinquish the working practice agreement of acceptance of zero priced buy back offers when constraint actions were being taken at another ASEP.

This measure only seemed appropriate if C) was going forward.

The presentation concluded that NG NTS would consider these measures with a view to bringing forward Modification Proposal(s).

4. **Other Business**

None

5. **Diary Planning**

Completion of run through of NG NTS draft Business Rules for NTS Exit Reform

Date: Tuesday 12th September 2006

Start Time: 1:30pm

Venue: Elexon, 350 Euston Road, London

Main Workstream meeting

Date: Thursday 5th October 2006

Start Time: 10:00 am

Venue: Elexon, 350 Euston Road, London

Appendix A Action Log – UNC Transmission 8 September 2006

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner*	Status Update
TR 1046	4/5/06	3.2.1 Topic 008TR	give consideration to previous auction results as a potential indicator of capacity transfer that might be facilitated by a mechanism based on the optimisation strawman.	National Grid NTS (PR)	Carried forward. NG NTS internal consideration in the context of TPCR discussions.
TR 1048	3/8/06	2.1 0097	seek confirmation of information requirements for IT and likely costs and lead-time if Proposal 0097 were to proceed to implementation	National Grid NTS (CL)	Carried forward – Issues identified. Need to liaise with Proposer
TR 1049	3/8/06	2.2	consider minor revision of Proposal 101 to reflect scheduled August Panel date and clarity that it would only be D-1 GBA triggers affected and demand had to exceed supply.	National Grid NTS (CL)	Closed – modification proposal 0101 sent for consultation
TR 1050	3/8/06	2.3	provide an update on the timescale for electronic transmission of OPNs.	National Grid NTS (CL)	Closed Commencing Oct06 for sub terminals – further update and info at Transmission Ops Forum 26 Sept
TR 1051	3/8/06	4.1	raise a Topic “Review of Constraint Management Process” at September Workstream	National Grid NTS (DA)	Closed Presentation given and discussed.
TR 1052	7/9/06	2.2 0104	consider points from the Workstream debate on Modification Proposal 0104 and set out its intended way forward.	energywatch (CP)	
TR 1053	7/9/06	2.2	raise a topic and introduce a suggested way forward on market information	Poyry (AL)	
TR 1054	7/9/06	3.1 Topic 008TR	provide more explanation for the basis for entry zoning, as envisaged for proposed entry capacity transfer process	National Grid NTS (PR)	

* Key to initials of action owners

PR – Paul Roberts, CL - Chris Logue, DA – Dave Adlam, CP – Carol Pitkeathly, AL – Angela Love