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**Transmission Workstream Minutes**  
**Wednesday 6 July 2005**  
**77 Oxford Street, London**

**Attendees**

Tim Davis (Chair)	(TD) Joint Office of Gas Transporters
Dennis Rachwal (Secretary)	(DR) Joint Office of Gas Transporters
Alan Raper	(AR) NGT Distribution
Conor Purcell	(CP) ESB
Charles Ruffell	(CR) RWE
Gunnar Steck	(GS) EON
Helen Bray	(HB) Chemical Industries Association
John Costa	(JCos) EdF Energy
Julie Cox	(JCox) AEP
James Marshall	(JM) ILEX
Liz Spierling	(LS) Wales and West Utilities
Lisa Waters	(LW) Waterswye Associates
Mick Curtis	(MC) $E=mc^2$
Mark Feather	(MF) Ofgem
Matteo Guarnerio	(MG) Ofgem
Mike Young	(MY) BGT
Nigel Sisman	(NS) NGT Transmission
Phil Broom	(PB) Gaz de France
Paul Roberts	(PR) NGT Transmission
Robert Cameron-Higgs	(RCH) Northern Gas Networks
Ritchard Hewitt	(RH) NGT Transmission
Rekha Patel	(RP) Conoco Phillips
Rachel Turner	(RT) Centrica
Steve Featherstone	(SF) Scotia Gas Networks
Steve Gordon	(SG) Scottish Power
Sharif Islam	(SI) Total Gas and Power
Stuart Waudby	(SW) Centrica Storage
Tanya Morrison	(TM) Shell Gas Direct

## **1. Status Review**

### **1.1. Minutes from June 2005 Workstream**

The minutes were accepted with the addition of adding Julie Cox of AEP as a 15<sup>th</sup> June attendee.

### **1.2. Review of Outstanding Actions**

NTS Exit Regime - Actions from 5 May 2005 were on hold – see item 3.1.

EON presentation on Nomination Timetable – carried forward.

Section Q Modification Proposal – see item 3.2

“Publication of Near Real Time Data at UK sub-terminals” – clarify requirements. RH reported that discussions with the proposer resulted in a definition of publication every 12 minutes with a 12-minute delay. The definition for inclusion of sub-terminals would be based on the historic and future forecast flows.

### **1.3. Review of Workstream’s Modification Proposals and Topics**

*The Modification Status Report was updated 7 July 2005.* Just prior to this meeting, the Joint Office received a note from Ofgem that is summarised as follows:

- 016(743) minded to accept
- 013/013a(740/740a) minded to accept 013a(740a)
- 011(736) minded to reject
- 009(733) minded to accept
- 006(727) Due to the fact that the guidance notes were published after the close-out of the consultation, Ofgem would welcome any such submissions by interested parties that wish to further clarify their original responses, or any new responses that parties may wish to provide, by 12 July 2005.

There was Workstream consensus support for the Modification Process route set out in 030 “Extension of the QSEC auction”.

*Post Meeting Note: 030 Panel determinations agreed the process route set out in the proposal.*

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

- 003TR NTS Exit Capacity – see item 3.1
- 004TR Emergency Arrangements – see item 3.2
- 007TR Section O: System Planning – put on hold. Mod 022 Repts close out 18-Jul-05
- 008TR Entry Capacity – see item 3.3

## **2. Modifications for Workstream Development**

### **2.1. UNC Modification Proposal 030 “Extension of the QSEC auction timetable for 2005”.**

Further to item 1.3 (consensus on modification process timetable) TM queried if Transco NTS had considered whether the window for the auction timetable should extend into December. PR replied this had been considered but the aim was to avoid an overlap with the MSEC auctions. No other development points were raised.

## **3. Discussion of Topics**

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

Transco NTS (PR) gave a presentation covering an update on the Authority decisions, potential transitory exit capacity arrangements for the period 2008 to 2010, UNC changes and the way forward.

In discussion, Ofgem indicated that no decision had been made, to date, to defer Distribution Network obligations on Exit Capacity. The Workstream identified interactions with deferment of NTS Exit Capacity obligations and Ofgem indicated that this was recognised. Further, Ofgem had not, to date, identified alternate principles to those set out in the November 2004 Impact Assessment. TM drew the Workstream's attention to the publication sponsored by the Gas Forum "Review of the Exit Reform Proposals" but stated that Gas Forum members did not necessarily support the alternatives put forward by the authors, NERA and TPA. It was agreed that a presentation on the report's findings would be helpful.

**Action: Joint Office to include NERA/TPA presentation on future Workstream agenda**

### 3.1.1. Exchange of Planning Information – Transco NTS led item

- i. In discussion, gas transporter representatives confirmed the need for the exchange of information for network planning for the period September 2008 onwards and, due to investment lead-times and Safety Case obligations, this needs to be in place for October 2005. In response to a query raised by JCox, NS explained that the proposed change from current OAD provisions is the level of granularity – investment planning requires information at an offtake rather than LDZ level.
- ii. Discussion of information exchange for Direct Connects to the NTS highlighted that Transco NTS's proposed UNC change would envisage voluntary provision of indicative capacity and that in Grid Code a more complex process was set out for electricity Direct Connects.
- iii. The availability of planning information was discussed and JCox expressed interest in availability of the outcomes from information exchange.
- iv. Transco NTS argued that the prospective UNC change was prudent irrespective of UNC sunset clauses about interim NTS exit arrangements.

### 3.1.2. Universal Capacity Reservation, Application and Allocation Process – Transco NTS led item

- i. In discussion, SF indicated that this may affect decisions on investments of over £10m and enquired why a transitory commercial arrangement was proposed rather than continuation of traditional NTS/DN processes. He also highlighted potential difficulties if the obligations for Distribution interruptions were not known, and Ofgem's letter to DNs on 4 July 2005 needed more analysis - (examples of what Ofgem needs to consider in its decision on DN obligations). Regarding a commercial arrangement, Workstream members argued this is needed in a post Network sales regime for transparency.
- ii. In discussion, Workstream members argued the change should seek to minimise the risk of disputes requiring regulatory intervention on individual investments/contracts.
- iii. PR clarified that the UNC change envisaged financial commitment for [1] year, based on the administered price for NTS Exit Capacity, where NTS investment was required.
- iv. On capacity application and allocation, PR highlighted the need the need for UNC provisions for the period post 2008 for both Direct Connects and DNs.
- v. The question of GT incentives was raised and Ofgem indicated it was considering the options of early licence changes or waiting for the price control review. TM suggested that the incentives might not need to be specific.

#### **Action**

In discussion, the way forward emerged for Transco NTS and DNs to develop detailed arrangements for this element and then ensure shipper views were sought and addressed in time for September 2005 implementation. A likely Modification Process would be for Proposals to be submitted to the July 2005 Modification Panel with a consultation period that closed-out after 4 August 2005 Transmission Workstream, so that the Workstream could consider any Proposals.

## 3.2. Topic 004TR Emergency Arrangements

### 3.2.1. Section Q Emergencies – Transco NTS led topic

Further to discussion at 15 June 05 Workstream, Transco NTS tabled provisional legal drafting for a Modification Proposal that would aim to align Section Q with the NEC Safety Case, taking account of separate DN ownership and introduction of Storage Monitors. Some initial feedback on the legal drafting was given – clause 3.3.4 did not seem clear and the drafting did not seem to reflect the application of measures being specific to the particular storage monitor that was breached. Several parties expressed concern about command and control of Storage Facilities whilst markets were still open in Stage 1 of an Emergency – could this drive gas off the market? Why might storage be treated differently from other sources of gas in Stage 1? JCoX requested relevant parts of the NEC Safety Case to be made available, and enquired when the new E/1 Procedure would be available.

Parties expressed concern that the reasoning behind Storage Monitors had not been explained and interested parties had not been consulted in the dialogue between the NEC and HSE – was the introduction of Storage Monitors consequential to the removal of Top Up?

It was pointed out views about the changes to the NEC Safety Case could be brought to the attention of HSE through responses to a Modification Proposal.

#### Actions

Transco NTS to:

- a) take account of feedback on legal drafting and other matters before raising Modification proposal (RH),
- b) enquire if the NEC will make the NEC Safety Case available to interested parties (NS), and
- c) report when the new E/1 Procedure will be available (RH).

### 3.2.2. Gemini Implementation

RH requested explanation for the reference to system failure within the topic wording. TM and others explained that there had been reference to emergency arrangements in Gemini communications from NGT.

#### Action

Transco NTS (NS) to clarify the nature of the arrangements proposed by NGT during the outage required for the IT system change from AT Link to Gemini.

## 3.3. Topic 008TR Entry Capacity

Transco NTS (PR) gave a presentation on the updated position with respect to the Incremental Entry Capacity Release (IECR) Methodology Statement Review 2005. PR emphasised that the post-auction process related to extended investment lead-time had been removed for this year's submission to Ofgem on 1 July 2005.

In discussion PR, explained that if the test criteria were triggered at a new entry point there might be stepped release of capacity until uncertainty in investment lead-time was reduced. He also explained that if Ofgem approved the IECR, Transco NTS would raise a Modification Proposal to set out what circumstances would allow variation from the principle of release of at least 150% of baseline, and he stated that the Modification needs to be implemented in time for this year's QSEC auctions. In order to do this, he indicated an intention of raising a proposal with legal text for the July Panel for implementation by 19 August 2005. Workstream members requested:

- clarity on what capacity might be included or held back from which auctions
- more detail on the trigger for this process including communication to the industry;
- and the interaction with incentives.

## **4. Other Business**

### **4.1. Unaccounted for Gas**

MY drew the Workstream's attention to reports from the Billing Operations Forum of an accrual of between 0.5 and 1.0 MCM/day Unaccounted for Gas (UAG) since February 2005. BGT were concerned about the size of an adjustment that might eventually impact the industry. Transco NTS (RH) reported that a recent works investigation and a differential pressure tracking investigation were carried out but nothing significant was found, although an issue was identified at one Offtake. Subsequent investigation at this Offtake showed that there was an issue elsewhere. He went on to report that a second pass investigation is close to completion. In this, adverse trend analysis and selected meter validation has found no significant issues to date. A further more detailed investigation is now being scoped. Also, summer maintenance may discover issues. There will be a further report at the next Billing Operations Forum on 2 August 2005.

### **4.2. Credit Modification Proposals**

Workstream members were asked to note that Credit Modification Proposals had been developed in the Distribution Workstream and TD invited comments on the Workstream Reports that have been circulated.

## **5. Next Scheduled Meeting**

**Date:** Thursday 4 August 2005

**Start Time:** 10:00 am

**Venue:** 10 Old Bailey