

## Transmission Workstream Minutes

Thursday 08 January 2009

Elxon, 350 Euston Road, London NW1 3AW

### Attendees

John Bradley (Chair)	JB	Joint Office of Gas Transporters
Alex Barnes	AB	BG Group
Angus Paxton	AP	Pöyry Energy Consulting
Chris Wright	CW	Centrica
Christiane Sykes	CS	Statoil (U.K.)
Claire Dykta	CD	National Grid NTS
Craig Purdie	CP	Centrica Storage Ltd
David Linden	DL	BP Gas
Gareth Evans	GE	Waters Wye Associates
Harvey Beck	HB	Ofgem
Jean-Raymond Rastoul	JRR	Gaselys
Jeff Chandler	JC	Scottish and Southern Energy
John Costa	JC1	EDF Energy
Joy Chadwick	JC2	ExxonMobil
Julie Cox	JC3	AEP
Kirsten Elliott-Smith	KES	ConocoPhillips
Lorna Dupont (Secretary)	LD	Joint Office of Gas Transporters
Martin Watson	MW	National Grid NTS
Olaf Islei	OI	Ofgem
Paul O'Donovan	POD	Ofgem
Phil Broom	PB	GDF Suez
Richard Fairholme	RF	E.ON UK
Richard Jones	RJ	xoserve
Stefan Leedham	SL	EDF Energy
Steve Fisher	SF	National Grid NTS
Steve Gordon	SG	Scottish Power
Steve Rose	SR1	RWE Npower
Steven Sherwood	SS	Scotia Gas Networks
Tim Davis	TD	Joint Office

### 1. Introduction

JB welcomed the attendees to the meeting.

#### 1.1 Minutes from the previous Workstream Meeting (04 December 2008)

The minutes of the previous Workstream meeting (04 December 2008) were approved.

### 1.2 Review of Outstanding Actions

#### 1.2.1 Actions from the Workstream

**Action TR1085:** Ofgem to provide updates to the Workstream on progress with The Gas (Calculation of Thermal Energy) Regulations.

**Update:** No further progress to report. **Action carried forward.**

**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:** POD advised that it was Ofgem's intention to discuss progress in this area at the February Workstream. **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:** No further progress to report. **Action carried forward.**

**Action TR1201:** 2008 QSEC Results: National Grid NTS (FH) to consider whether graphical information can be published following subsequent QSEC auctions.

**Update:** SF reported that the data would be published. **Action closed.**

**Action TR1202:** National Grid NTS (SF) to publish a timeline of potential events leading to implementation of Proposal 0195AV on 1 April 2009.

**Update:** Timeline published; SF added that a seminar would be held on 27 January 2009 (at Elexon) to go through the Modification Proposal and that further details would be issued nearer the time. **Action closed.**

### 1.2.2 Actions from Substitution Workshop 4 (2008)

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

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

**Update on SUB001 and 005:** These actions will now be overseen and pursued under the current series of Substitution Workshops and removed from these Minutes of the Transmission Workstream.

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

### 1.3.1 Modification Status Report (Modification Proposals Register<sup>1</sup>)

JB gave an update on the current status of the Live Modification Proposals.

0195AV: This remained with Ofgem and was currently undergoing the legal review stage.

0217: The work of the Review Group was still proceeding and would be reported to the March UNC Modification Panel.

0221: The work of the Review Group was still proceeding; a 'straw man' had been discussed and a draft proposal was being developed.

0235: The development of appropriate legal text was under review and enquiries would be made as to progress.

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<sup>1</sup> <http://www.gasgovernance.com/Code/Modifications/>

JB also reported that Ofgem had given its approval to 0223 and that this had been implemented on 12 December 2008. JC2 questioned why the proposed implementation had changed from Q3/4 2009 to an earlier implementation of 12 January 2009 and wondered at what point the decision for an earlier implementation was made. SF agreed to establish this and report back.

**Action TR0101: 0223 - Establish why and when a decision was made to bring forward the implementation date for this Modification Proposal.**

### 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/>.

It was agreed that Topic 016TR (Storage Commodity Charge) could now be closed and removed from the Topic Register. Topic 022TR (European Transparency Requirements) was derated to Low pending progress in this area.

Other than agenda items, there were no further changes to report.

## 1.4 Related Meetings and Review Groups

### 1.4.1 Ops Forum

There were no matters requiring the Workstream's attention.

### 1.4.2 Operating Margins Group

A formal Proposal (0240: "Promoting Competition in Operating Margins Provision") was raised on 10 December 2008; consultation closes out on 13 January 2009.

If considered necessary, a further meeting to discuss the proposed legal text will be arranged.

## 2. UNC Modification Proposals

### 2.1 Modification Proposals 0230/0230A: "Amendment to the QSEC and AMSEC Auction Timetables"

Following the Panel's review of the Modification Report at the UNC Modification Panel meeting held on 18 December 2008, it was determined that new issues had been raised that justified seeking further views from the Transmission Workstream. JB explained that although not encountered before in Transmission, this form of action was covered under the Modification Rules at 9.3.2.

CD, on behalf of National Grid NTS, gave a presentation that outlined the new issues that had been identified by British Gas relating to Modification Proposal 0230 following the consultation process. CW explained that, in the previous discussions relating to this Proposal, the focus had appeared to be on the movement of the QSEC auction, and that the consequences of moving the AMSEC had not attracted much attention. He pointed out that previously Network Code Modification 0616 had been implemented to further the relevant objectives, and conversely Modification Proposal 0230 would have the opposite effect in British Gas' view.

Having looked at the concerns raised, CD said that National Grid NTS still preferred to retain Modification Proposal 0230 in its current form. However, recognising that neither 0230 or 0230A currently addressed the concerns about moving the AMSEC and CD went on to outline and explain two potential options, which were then briefly discussed.

AB suggested that a comparison timetable of the auctions would be useful. CD then explained the timings of the AMSECs and the associated release of capacity for each of the options and effect of the Modification Proposals as they currently stood.

**Action TR0102: 0230/0230A and Options - Produce and publish a comparison timetable of the auctions.**

Following the discussion, JB asked the Workstream to indicate its preference, if any, for either option.

RF commented that E.ON favoured Option 1 and recognised that it would potentially have to vary 0230A to align with this, but was also happy to retain 0230A if an appropriate solution could be found to address National Grid NTS' concern relating to the problem of implementation.

CW commented that British Gas would need to give these options further consideration, but at first glance Option 1 would appear to be the preferred option; however British Gas needed to understand whether either option was to be preferred to the current position under the UNC.

No views were expressed in favour of Option 2. Parties were then encouraged to make any further views known to National Grid NTS within the next week.

JB then declared that, in the current view of the Workstream, Option 1 appeared to be the preferred option, and then summarised the way forward. Both Proposers were to review their Proposals and propose variations where appropriate. Assuming these variations were determined as material, the Proposals would then be reissued for consultation or development. The Workstream would recommend to Panel that if the Proposals were raised on the basis of 0230 and 0230A and Option 1, that the varied Proposals should proceed to consultation with a normal period (15 Business Days).

In light of these discussions, the Supplementary Workstream Report would be prepared and presented to the next UNC Modification Panel, and it was agreed that the Workstream would recommend to the Panel that the Proposals should proceed to consultation. It was also agreed to recommend not asking for formal legal text as Suggested Text would be available.

### **3. Topics**

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

##### **3.1.1 ExCR update**

MW, on behalf of National Grid NTS, gave a presentation setting out the scope and focus. The scope would include the initialisation of long term exit capacity rights, and capacity terminology.

The main focus of Part B would be on Enduring Annual NTS Exit (Flat) Capacity. In respect of allocations, MW advised that derogation was being sought to defer the introduction of the exit substitution obligation. POD agreed that applying for such a derogation was reasonable under the circumstances. Discussions were being held with Ofgem and it was likely that a decision on entry would be due in December 2009 and it was likely that work on exit substitution would follow this, although the timeline was still to be developed.

In respect of Increases, MW emphasised that advance notice was required before the July 2009 Application window to agree Licence revenue drivers, etc for sites. Any such requests should be highlighted to National Grid NTS as soon as possible. JC3 asked how formal notification would be made to the industry regarding this; MW was happy to discuss with any interested the parties the best way to communicate this.

There was further discussion relating to revenue drivers. When asked how long it took to agree a revenue driver, MW responded that, currently, it was done on a bespoke

basis, which on average seemed to take about 4-5 months taking into account discussions with Ofgem, the formal requests and the consultations. Given this timescale JC3 pointed out that leaving wider communication until the seminar at the end of January was not necessarily the best method of a 'first notification' to parties that they needed to take action. If a party was considering a new exit point for October 2012 the request would need to be raised now; parties wishing to make a commitment within the next 6 months really needed to speak to National Grid NTS as soon as possible.

MW explained the timeline for consultation and submission to Ofgem; a walkthrough of the draft document was planned for February's Transmission Workstream meeting.

### **3.1.2 Exit Reform: Potential Modification Proposal to delay application of Ad-hoc Principle until 01 October 2009**

SF presented on behalf of National Grid NTS, setting out the background and the focus of the Proposal, and the reasons why National Grid NTS considered it to be necessary.

The Workstream agreed that the intent of the Proposal was clear and that it should go to consultation. It was pointed out that should the need arise to accelerate progress on the Proposal, the UNC Modification Panel was likely to prefer to agree to shortened timescales to avoid moving the Proposal to 'Urgent' status.

The Modification Proposal will be formalised and presented to the UNC Modification Panel on 22 January 2009.

## **4. Any Other Business**

### **4.1 Revision to GBA Trigger Level**

Prior to the meeting SR had requested that National Grid NTS be asked to expand on the brevity of the announcement relating to the revision of the GBA Trigger Level which appeared on its website earlier this week.

Responding to this request, MW said that supplies coming in at all points were monitored; these were higher than the previous forecast and so the GBA Trigger was increased, (if lower it would have been decreased). It can be reset at any time. JC1 observed that 'a one liner' did not appear to be sufficiently informative – it did not indicate if the figure had been revised upward/downward, and a little more detail would be welcome to give the statement meaning. If the figure had decreased, then reasons would need to be provided by way of explanation.

MW agreed that improvements could be made to the level of information provision and would discuss this with the team concerned.

JB suggested that this might also usefully be explored at the next Operational Forum meeting to be held on 14 January 2009.

### **4.2 Daily Discretionary Proformas on the National Grid Website**

MW reported that the process for monthly standard Proformas had been put on the website and that daily will be available shortly. Weblinks would be communicated when all was ready.

**Action TR0103: Provide weblinks for the daily/monthly discretionary Proformas.**

**5. Diary Planning**

The next Workstream will be held at 10:00 on 05 February 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](http://www.gasgovernance.com/Diary)).

**Action Log – UNC Transmission Workstream: 08 January 2009**

<b>Action Ref</b>	<b>Meeting Date(s)</b>	<b>Minute Ref</b>	<b>Action</b>	<b>Owner</b>	<b>Status Update</b>
TR 1085	03/04/08	1.2	Provide updates to the Workstream on progress with The Gas (Calculation of Thermal Energy) Regulations.	Ofgem (POD)	<b>Carried Forward</b>
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 (DS)	Ofgem intend to provide an update at the February 2009 Workstream <b>Carried Forward</b>
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)	<b>Carried Forward</b>
TR 1201	04/12/08	2.1.1	National Grid NTS to consider whether graphical information can be published following subsequent QSEC auctions.	National Grid NTS (FH)	<b>Closed</b>
TR 1202	04/12/08	2.2.1	National Grid NTS (SF) to publish a timeline of potential events leading to implementation of Proposal 0195AV on 1 April 2009.	National Grid NTS (SF)	<b>Closed</b>
TR 0101	08/01/09	1.3	0223 - Establish why and when a decision was made to bring forward the implementation date for this Modification Proposal.	National Grid NTS (SF)	
TR 0102	08/01/09	2.1	0230/0230A and Options - Produce and publish a comparison timetable of the auctions.	National Grid NTS (CD)	
TR 0103	08/01/09	4.2	Provide weblinks for the daily/monthly discretionary Proformas.	National Grid NTS	