

Transmission Workgroup Minutes
Thursday 04 January 2018
Elxon, 350 Euston Road, London NW1 3AW

Attendees		
Chris Shanley	(CS)	Chair
Karen Visgarda	(KV)	Secretary
Andrew Pearce	(AP)	BP
Anna Shrigley	(AS)	Eni Trading & Shipping
Charles Ruffell	(CR)	RWE
Elvan Akkaya*	(EA)	South Hook LNG
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jeff Chandler	(JC)	SSE
John Costa	(JC)	EDF Energy
Jon Dutton	(JD)	National Grid NTS
Julie Cox*	(JCx)	Energy UK
Liam Drummond-Clark	(LDC)	Ofgem
Matthew Hatch	(MH)	National Grid NTS
Nick King	(NK)	CGN Services
Nicola Lond	(NL)	National Grid NTS
Paul Orsler	(PO)	Xoserve
Phil Hobbins	(PH)	National Grid NTS
Richard Fairholme	(RF)	Uniper
Rowan Hazell*	(RH)	Cornwall Insight
Shiv Singh	(SS)	Cadent
Sinead Obeng	(SO)	South Hook Gas
Terry Burke	(TB)	Statoil
<i>*via teleconference</i>		

Copies of papers are available at: <https://www.gasgovernance.co.uk/tx/040118>

1. Introduction and Status Review

CSh welcomed all to the meeting and confirmed the order of the agenda.

1.1 Approval of Minutes (07 December 2017)

The minutes from the previous meeting were approved.

1.2 Ofgem Update

LDC undertook an onscreen review of the Ofgem Industry Update provided to the Workgroup prior to the meeting. He explained that the update was short owing to the Christmas Break and said the main points of interest were as below:

Modification 0642: 'Changes to settlement regime to address Unidentified Gas issues' and Modification 0643: 'Changes to settlement regime to address Unidentified Gas issues including retrospective correction' – decision on urgency

LDC said that on the 22 December 2017 Ofgem had published a letter agreeing with the requests that the modification proposals Modification 0642 and Modification 0643 should both be given urgent status and follow urgent modification procedures.

RIIO gas transmission annual report 2016-17

LDC said that on the 19 December 2017 Ofgem had published an annual report summarising the performance of the National Grid Gas Transmission (NGGT) against its price control obligations and incentives during the fourth year of RIIO-T1 which runs from 2013 to 2021. The report also provides information on NGGT's updated forecasts for the remaining years of RIIP-T1.

Approval of BBL's modified access rules and charging methodology

LDC explained on the 27 December 2017 Ofgem had approved changes proposed by BBL to its access rules and charging methodology respectively under Standard Licence Conditions 10 and 11A of the gas interconnector licence. The changes were made to implement BBL's capacity conversion service in order to facilitate compliance with CAM NC. The changes took effect on 01 January 2018.

1.3 Pre-Modification Discussions

1.3.1. Amending the Oxygen content limit in the Network Entry Agreement at South Hook LNG – Sinead Obeng, South Hook Gas

SO introduced herself and explained the Modification would enable an increase to the oxygen content limit of gas permitted by the Network Entry Agreement at South Hook LNG.

She said that presently within the UK, there are two oxygen limits that are pertinent to network entry requirements. The first 2000ppm (0.2mol%) is a safety limit specified in Schedule 3 Part 1 (regulation 8) of the Gas Safety (Management) Regulations. The second is a guideline limit of 10ppm (0.001mol%) contained in National Grid's Gas Ten Year Statement, which is currently in place in the South Hook LNG National Grid Network Entry Agreement (NEA).

She explained this lower limit was applied at the nearby Dynevor Arms LNG storage facility in South Wales to mitigate the potential for water formation within the molecular sieves. At LNG storage sites, part of the liquefaction process prior to injection was to remove components in the gas offtake from the NTS that would otherwise freeze using molecular sieves. The presence of up to 0.2mol% oxygen in the gas would have therefore reduced the performance of that process and limited the life of those assets.

SO stated that as the Dynevor Arms LNG facility was now obsolete there was no longer a requirement for the strict oxygen limit, and that this was now seen as unnecessary and restrictive to the efficient operation of the South Hook LNG terminal. She also added that there was a need to mitigate Incomplete Combustion Factor (ICF) breaches that can occur as part of their Nitrogen ballasting processes and to be able to attract a wider range of LNG cargoes.

European Codes

1.4 General Update

MH provided an update on the European Codes which included a brief update on the TAR Code and he mentioned that the TSOs within ENTSOG were presently discussing potential changes to multipliers to incentivise long term bookings. A short discussion took place regarding the potential future evolution of the TAR code and MH explained that this was very early days with regards to the discussions on multipliers and the he would keep the Workgroup informed of developments. The European Codes section covers slides 1 to 10, and this presentation pack can be found at:

<https://www.gasgovernance.co.uk/tx/040118>

It should be noted that the next 0621 Modification meeting is the 11th January and not the 06 February 2018 as highlighted.

2. Workgroups

2.1 0628S – Standard Design Connections: PARCA process

(Report to Panel – 17 May 2018)

<https://www.gasgovernance.co.uk/0628>

2.2 0629S – Standard Design Connections: A20 connection process modification

(Report to Panel – 17 May 2018)

<https://www.gasgovernance.co.uk/0629>

3. NGG Gas Quality Consultation Update – PH

Summary of Responses and Next Steps

PH summarised the results of the recent consultation and explained there had been 13 responses from a range of customers and stakeholders, of which 7 were not confidential and 6 were confidential. He overviewed the themes of the stakeholder views about the NEA change process and the suggested potential reforms and there were no specific opinions expressed by the Workgroup, regarding these.

PH explained the feedback received with regards to potential new services and that NTS would share their initial thoughts on the likes of blending at that National Grid's 'Shaping the Future of the Gas Transmission Network' webinar that was scheduled for 13:30 – 14:30 on 22 January 2018. He added if any stakeholder wished to join this webinar that had not received the outlook invitation, to then please email:
Jennifer.pemberton@nationalgrid.com

A general discussion took place with NK asking whether the NEA change mechanisms also applied to the LDZ entry points as well as those to the NTS. PH agreed to investigate this matter and said he would supply an update at the February meeting.

New Action 0101: National Grid NTS (PH) to investigate whether the NEA change mechanisms apply to LDZ entry points as well as those to the NTS.

PH indicated that the consultation report will be published in January at <http://www.talkingnetworkstx.com/gas-quality-consultation.aspx> and a proposed way forward on the NEA process changes would be brought to the February 2018 Transmission Workgroup for discussion.

4. Industrial Emissions Directive Update – JD

Compressor Strategy – St Fergus

JD provided an overview of the 'Industrial Emissions Directive' presentation regarding the proposed National Grid NTS options and their draft proposals to meet the emissions requirements for their compression at St Fergus. JD indicated that Non-asset solutions were also being considered. He said the Cost Benefit Analysis (CBA) had been undertaken to ascertain the optimum balance of compressor reliability, availability and cost. JD explained the preferred options and highlighted that the draft proposal is to install emissions abatement on one medium gas unit; and either install one new small gas unit or install emissions abatement on one small gas unit. JD indicated that the proposals would provide greater flexibility at a lower cost than the previous 2015 proposals.

AS said she had concerns about the potential impact of compressor reliability on the frequency of capacity buybacks at St Fergus and associated costs and whether the current regime was still appropriate. JD agreed that this was a broader capacity regime question,

but that the constraints costs were included in the CBA. JD agreed to present the draft proposals at the other sites at the February meeting.

5. Issues

5.1 (ISS066 – Implications of decommissioned Exit/Entry points)

Not discussed in this meeting.

6. Any Other Business

6.1 Update on Unidentified Gas Issues – PO and Balancing Actions – PH

PO presented the Unidentified Gas Issues (UIG) overview, and he explained the background and the progress to date, with regards to the current issues and the known causes, together with the previous UIG simulations and future initiatives. Post Nexus UIG is used as a balancing figure to deal with volumes where LDZ outputs had exceeded recorded inputs and UIG levels/volatility had been higher than expected.

PH then provided an update on National Grid NTS's recent balancing activity. He explained that no links had been found between UIG volatility and the increased number of National Grid balancing actions, although he confirmed that National Grid NTS were continuing to investigate this. PH said that while National Grid NTS had taken more buy actions than last year, the distribution of SMP buy-SAP differential on days when National Grid NTS set the SMP buy price was in line with last year. He noted that National Grid NTS buy actions in recent months had a more limited market response than they normally expected and they had had some linepack depletion in the run up to the Winter, however he felt they were still largely operating within historic ranges. He ended by saying that National Grid NTS would continue to monitor and report these figures via the Operational Forum.

6.2 1 in 20 Peak 2017 increase – PH

PH provided an overview of the '1 in 20 peak 2017 Increase' document which explained that the increase in the forecast 1 in 20 peak day from 2016/17 to 2017/18 was largely due to an expectation that National Grid NTS power generation would use more gas and less coal. JCx maintained that the coal/gas merit order had changed before 2016/17.

PH explained that the National Grid NTS analysis took a snapshot at a point in time and JCx was keen for National Grid NTS to compare the numbers from 2014/15 and 2015/16 too, and to understand what data was used when in the National Grid NTS process and when, to see whether there was a timeliness of data issue. JCx said that she had a concern that the volatility in the 1 in 20 peak number translated into the volatility in charges. PH said he would investigate this matter and would arrange a teleconference with JCx and report feedback at the February meeting.

New Action 0102: National Grid NTS (PH) to arrange a teleconference with JCx to discuss the 1 in 20 peak increase and to provide a further update at the February meeting.

7. Review of Outstanding Action(s)

Action 1101: To provide a formal response to both of J Cox's AOB items (1 in 20 peak demand and OCM) at a forthcoming Transmission Workgroup meeting.

Update: PH said this information had now been supplied and so the action could now be closed. **Closed**

Action1202: CH to explore further why 1 in 20 forecast is increasing

Update: PH said the document '1 in 20 peak 2017 Increase' had been produced (as referenced in Action 1101) and so this action could now be closed. **Closed**

Action1203: PO to provide a summary on Unidentified Gas (UIG) at the next workgroup meeting and how it interacts with the OCM (on the day commodity market)

Update: PO said the presentation had now been presented and so this action could now be closed. **Closed**

8. Diary Planning

Further details of planned meetings are available at: <http://www.gasgovernance.co.uk/Diary>

Time/Date	Location
10:00, Thursday 01 February 2018	Elexon, 350 Euston Road, London NW1 3AW
10.00, Thursday 01 March 2018	Elexon, 350 Euston Road, London NW1 3AW

Action Table (as at 04 January 2018)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	02/11/17	5.3	To provide a formal response to both of J Cox's AOB items (1 in 20 peak demand and OCM) at a forthcoming Transmission Workgroup meeting.	National Grid NTS (CH)	Closed
1202	07/12/17		CH to explore further why 1 in 20 forecast is increasing	National Grid NTS (CH)	Closed
1203	07/12/17		PO to provide a summary on Unallocated Gas at the next workgroup meeting and how it interacts with the OCM (on the day commodity market)	Xoserve (PO)	Closed
0101	04/01/18	3.0	National Grid NTS (PH) to investigate whether the NEA change mechanisms apply to LDZ entry points as well as those to the NTS.	National Grid NTS (PH)	Pending
0102	04/01/18	6.2	National Grid NTS (PH) to arrange a teleconference with JCx to discuss the 1 in 20 peak increase and to provide a further update at the February meeting.	National Grid NTS (PH)	Pending