

Transmission Workgroup Minutes
Thursday 01 March 2012
Elexon, 350 Euston Road, London NW1 3AW

Attendees

Tim Davis (Chair)	(TD)	Joint Office
Bob Fletcher (Secretary)	(BF)	Joint Office
Alan Raper	(AR)	National Grid Distribution
Andrew Fox	(AF)	National Grid NTS
Antonio Ciavolella	(AC)	BP
Bill Goode	(BG)	National Grid NTS
Charles Ruffell	(CR)	RWE npower
Chris Hewitt	(CH)	National Grid NTS
Chris Wright	(CW)	Centrica
Claire Thorneywork	(CT)	National Grid NTS
Dan Treverton	(DT)	National Grid NTS
Dave Corby	(DC)	National Grid NTS
Erika Melen	(EM)	Scotia Gas Networks
Fiona Gowland*	(FC)	Total*
Gerry Hoggan	(GH)	ScottishPower
Graham Jack	(GJ)	Centrica
Jacopo Vignola	(JV)	Centrica Storage
Jeff Chandler	(JCh)	SSE
Julie Cox	(JCx)	AEP
Lewis Hodgart	(LH)	Ofgem
Malcolm Arthur	(MA)	National Grid NTS
Paul Mott	(PM)	EDF Energy
Phil Broom	(PB)	GDF Suez
Phil Hobbins	(PH)	National Grid NTS
Steve Dixon	(SD)	National Grid NTS
Rekha Theaker	(RT)	Waters Wye Associates
Richard Fairholme	(RF)	E.ON UK
Robert Cameron-Higgs	(RCH)	Wales & West Utilities
Roddy Monroe	(RM)	Centrica Storage
Thomas Farmer	(TF)	Ofgem

* by teleconference

1. Introduction

Copies of all papers are available at www.gasgovernance.co.uk/tx/010312.

TD welcomed attendees to the meeting.

1.1 Review of Minutes and Actions of the previous meeting (02 February 2012)

1.1.1 Minutes

The minutes of the meeting were accepted.

1.1.2 Actions

Actions TR01/01: Network flexibility - Provide evidence (data) to demonstrate that network usage is changing and will continue to do so, and that regime change is needed to accommodate this.

Update: Due for discussion at Issues meeting. **Carried Forward**

1.2 Review of Live Modifications not covered elsewhere on the agenda

The Modifications Register is at: www.gasgovernance.co.uk/mods.

Of specific note were:

- 0276 – DC advised that implementation is on hold pending a review of best to manage its implementation with no approved ACS.
- 0376S – AF advised that no further update is available on a potential implementation date.
- 0407 – PH provided an update on progress of the Workgroup discussions to date, which had considered how previous breaches by DNOs were managed. A review of the impacts is due at the next meeting. The main actions agreed were to further review historic breaches and

1.3 Industry Update

LH reported on recent Ofgem activities:

- ***RIIO-T1***: NGET and NGG are required to submit their final business plans by 05 March 2012. Ofgem will consult on Initial Proposals for NGET and NGG in July 2012. RIIO-T1 initial proposals for SHETL and SP were published on 07 February 2012.
- ***RIIO-GD1: decision letter on fast track process*** – 03 February 2012. This letter set out Ofgem’s decision not to retain any of the GDNs within the RIIO-GD1 fast track process. The Consultation on ‘*Initial Assessment of RIIO-GD1 business plans and proportionate treatment*’ was published on 17 February 2012 and closes on 30 March 2012.
- ***TPCR4 Rollover: Decision under section 7 of the Gas Act 1986 to make modifications to the Special Conditions of National Grid Gas Plc National Transmission System Gas Transporter Licence*** – 03 February 2012. Licence changes are necessary to implement TPCR4 rollover final proposals.
- ***Glenmavis Liquefied Natural Gas (LNG) facility: Decision under section 23(1)a of the Gas Act 1986 to make modifications to Special Condition C26 of National Grid Gas Plc National Transmission System Gas Transporter Licence*** – 07 February 2012. Licence changes are necessary to implement the decision to fund the additional costs of supplying gas to the SIUs and using the Glenmavis LNG facility as a storage buffer.
- ***Update on Gas Security of Supply Significant Code Review*** – 24 February 2012. A number of stakeholders have suggested developments to Ofgem’s Draft Policy Decision (Nov 2011) and that Ofgem should consider the Gas SCR and its further interventions work on gas security of supply in the round. Consequently Ofgem is now planning to publish its Final Decision on the SCR in summer 2012. Ofgem has decided to hold its next workshop and closing seminar on the Draft Policy Decision, originally scheduled for 29 February and 14

March respectively, at a later date.

RM asked if it the intention is still to report to DECC by the end of May. LH agreed this was the intention. TD asked if summer decisions were now intended to lead to 2013 rather than 2013 implementation. MA felt 2012 would not be likely due to the proximity to winter.

- ***System Operator incentive schemes from 2013: principles and policy*** – 31 January 2012. Consistent with Mat Pearson’s presentation at the February Workgroup this consultation sets out Ofgem’s proposed objectives, policy and principles for the regulation of the gas and electricity System Operators from April 2013. Consistent with RIIO principles Ofgem proposes to fix the central SO regulatory framework for a period of 8 years. Consultation closes 27 March 2012.
- ***RMR - Intervention to enhance liquidity in the GB power market*** – 22 February 2012. The consultation puts forward proposals for intervention to improve liquidity in the GB wholesale power market. Consultation closes 08 May 2012.
- ***RMR – ‘The Standardised Element of Standard Tariffs under the Retail Market Review’*** – 06 February 2012. The consultation outlines the methodology that may be used to set the standardised element of a standard tariff under Ofgem’s RMR. It presents two options for the treatment of regional network cost differences in standard tariffs under the RMR: under one option Ofgem would set a regional adjuster to suppliers’ unit rates; under the other suppliers would be able to set different unit rates in different regions. Consultation closes 02 April 2012.
- ***Scoping Consultation opened in February on tariffs and closes on 09 March.***

1.4 European Developments

1.4.1 Winter Outlook Update

BG gave a presentation, reminding that the Winter Outlook aims to evaluate system resilience through a scenario-based approach and not to forecast stakeholders’ behaviour. ENTSOG had investigated the impact of gas demand on European UGS stock levels over the winter period, and had concluded that gas in UGS storage is sufficient to cover an additional demand of 10% across the average winter. For periods of peak demand it concluded that UGS decreased deliverability due to low stock level in the end of the winter had no negative impact on system flexibility. Reports are available and the presentation extracted relevant information for discussion.

PM asked if the reports were focused on GB or Europe in total. BG advised that the reports are for Europe. AC asked if the reports take a position on different regulatory requirements and regimes, which may restrict flows. BG was not aware of such restrictions being taken into account. RM asked if the reports were delivery or capacity based. BG confirmed that there were reports for each case.

RM asked if calibration checks were undertaken on the models particularly in light of recent experiences in Italy. BG advised that firm load is confirmed and this is used to evaluate the models and that ENTSOG review the previous winters experience.

PM asked when the reports are published for summer. BG advised it should be April and October for winter.

1.4.2 Gas Regional Investment Plan (GRIP) Consultation Feedback

BG reported on the progress made to date. Following the recent consultation, only one response had been received and the TSOs are in discussion about next steps.

1.4.3 Interoperability Update

PH reported on progress made and next steps. A 'Problem Identification Analysis' paper has been issued, soliciting views regarding what the genuine technical barriers are to the efficient functioning of the EU gas market, which will inform ACER's thinking about the scope of the Interoperability Framework Guideline. Interoperability is still viewed by ACER as fundamental to facilitating cross border flows.

PH explained that odourising is an issue with TSOs as two national operators still odourise their systems (France and Ireland).

The Expert Group discussed the document and provided feedback to ACER, pointing out that it was proving difficult to identify EU wide issues that require addressing in the EU Code, and that some regulators appeared to be in favour of minimising the content of the Interoperability Framework Guideline/Code. Briefly: Gas quality was viewed as a local problem; the inclusion of Capacity Calculation was challenged; Nominations has largely moved to the Balancing Code; lack of common units is not a real barrier to trade.

ACER was still planning to release the Framework Guideline and Impact Assessment in March, including everything discussed so far.

There were indications that there may be a more 'local' agenda, i.e. greater emphasis on TSO to TSO cooperation on solutions and NRA involvement to determine appropriate cost allocation.

An update will be given to the April Workgroup.

1.4.4 EU Capacity Allocation Mechanism (CAM) Network Code and Congestion Management Procedures (CMP) Guidelines Proposal Update

PH reported on progress made.

CAM Network Code

Giving views on the Stakeholder Support Process, respondents had indicated a high level of support for the process undertaken and the Network Code. There was one exception to this, relating to cross border capacity; a high proportion of stakeholders said they were unable to support the sunset clause, and were unable to accept the mandatory bundling of new capacity.

The ENTSOG auction design is to be evaluated and assessed against

current models.

The Network Code is to be formally issued to ACER on 06 March 2012.

CMP Guidelines

Following publication of the previous version of the Draft Guidelines (December 2011), GB Stakeholders met with and provided written views to DECC.

The first Comitology meeting for Member States was held in January 2012. Discussions were constructive, with some minor issues identified; no significant change is expected. One further meeting is planned for April.

A DECC/Ofgem GB industry meeting was held on 03 February 2012.

A new version of the Guidelines was received (via Ofgem) on 07 February 2012. This indicated that:

- CMPs were now applicable to entry/exit from 3rd countries (but this is not in line with CAM)
- Firm UIOLI (RoRR) text had been included to consider opinion of NRA on the other side of the IP
- A secondary market was not included
- Implementation should be on 01 October 2013, though this is considered to be a challenging target
- A single transparency platform should be operating from 01 July 2013?

DECC and OFGEM then requested further Industry comments on this new version (by 09 February 2012).

1.4.3 European Updates Timetable

The programme of updates to be given to the Transmission Workgroup over the next few months is detailed below:

Topic	Workgroup Date
<ul style="list-style-type: none"> • Balancing update – where available, information on the forthcoming consultation • Interoperability update 	05 April 2012
<ul style="list-style-type: none"> • Capacity Allocation Mechanism (CAM) update • Balancing Consultation update - Provide further details of consultation and initial views of issues for consideration by GB stakeholders 	03 May 2012
<ul style="list-style-type: none"> • Balancing update - Provide update on our views and response • Capacity Allocation Mechanism (CAM) update 	07 June 2012

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2. Workgroups

The following individual Workgroup meetings took place:

2.1 0411S – Removal of the Obligation to Publish Firm Gas Monitor from the UNC

Minutes for this meeting are at www.gasgovernance.co.uk/0411/010312

2.2 0412 – Changes to the Stages of Emergency Resulting from Changes Introduced by Exit Reform

Minutes for this meeting are at www.gasgovernance.co.uk/0412/010312

2.3 0415 – Revision of the Gas Balancing Alert Arrangements

Minutes for this meeting are at www.gasgovernance.co.uk/0415/010312

2.4 0417S – Notice for Enduring Exit Capacity Reduction Applications

Minutes for this meeting are at www.gasgovernance.co.uk/0417/010312

3. Issues

3.1 Communications – Force Majeure and Emergency

JCh gave a brief presentation, outlining the background and his concerns regarding fax communications based on their recent experience. He also provided a number of possible solutions and their associated issues. JCh provided National Grid NTS's view, suggesting this is a potentially large change covering a wide range of documents and processes.

A number of issues were raised surrounding the receipt of emails and their definition as a formal notice under contract. PH advised that National Grid NTS is supportive of the aim of allowing different communication mechanisms, though it would not be a quick issue to resolve - a number of code communications do not recognise electronic communications such as email. Also existing systems are not sized or developed to provide this service currently, such as to receive OPNs by email. JCx thought that changes to allow electronic OPN submission had been agreed about 5 years ago.

RCH was supportive of the approach and felt it tied in with the DNO aspiration to move away from ANS. CT agreed a review was a sensible approach to consider changes, though a review of all communications may not be appropriate at this time.

It was agreed that further consideration of the Issue is warranted.

3.2 Aligning the connections and capacity processes

To be considered at an Issues meeting.

3.3 Network flexibility

To be considered at an issues meeting.

3.4 Data Publication restrictions in UNC TPD Section O

National Grid NTS agreed to check the current position and provide an update to the next meeting.

3.5 New Issues

None raised.

3.6 Any Other Business

None raised.

4. Diary Planning

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

The next Transmission Workgroup meetings are scheduled as follows:

10:00 05 April 2012, at ELEXON, 350 Euston Road, London NW1 3AW
and subsequently

10:00 on the first Thursday of each month, at ELEXON, 350 Euston Road, London NW1 3AW

EXCEPT (in light of the Olympic Games):

10:00 02 August 2012, at National Grid, 31 Homer Road, Solihull B91 3LT

Action Log – UNC Transmission Workgroup: 01 March 2012

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TR 01/01	31/01/12	2.2	Network flexibility - Provide evidence (data) to demonstrate that network usage is changing and will continue to do so, and that regime change is needed to accommodate this	National Grid NTS (PG)	Update due at next Issues meeting