

DECC-OFGEM STAKEHOLDER GROUP FOR GAS

5th Meeting – 13 July 2012

HIGH-LEVEL MINUTES

1. Chair opened the meeting and welcomed attendees. Updates were received from the transmission work group and the gas forum.
2. **Tariffs Framework Guideline (FG)** - Ofgem provided an update on the progress of the tariffs FG which was accompanied by an update from the tariffs sub-group. A note summarising the sub-group discussions has been circulated. Commission (EC) have invited ACER to write FG by 31 Dec 2012. Key points of discussion included:
 - 2.1. EC requests all entry and exit points are within the scope of the FG. Agreed by a number in the group that while some principles may be appropriate for all entry/exit points, some may be limited to interconnection points. National Grid noted that greater clarity on this is needed before stakeholders are asked to respond to the consultation.
 - 2.2. On short-term reserve prices, a majority in the sub-group favoured prices based on multipliers of 1 or more in order to establish investment signals and promote security of supply. However, noted that there is a trade-off between this and the need to encourage new entry and enhance competition. Chair underlined the importance of justifying comments made in the consultation and to propose solutions to any problems/gaps identified in the FG.
 - 2.3. Potentially there is a need for a transitional period before full implementation to prevent unduly disadvantaging parties that have chosen a particular long/short-term booking strategy. 3-4 years was suggested as an appropriate transition period.
 - 2.4. Question as to whether backhaul services should be treated separately. Noted that this issue was also discussed in the ACER expert group on tariffs.
 - 2.5. Majority of stakeholders were against the use of either capacity charges or a floating tariff for revenue recovery.
 - 2.6. **Action** for stakeholders to get back to Ofgem with their views on the draft FG once the consultation is launched.
3. **Balancing Network Code (NC)** –ACER provided ENTSO-G with an informal opinion on the draft NC (not to be published) at the end of June. Ofgem updated the group on next steps and provided an overview of this preliminary opinion. The preliminary opinion acknowledges a high level of compliance with the FG, but some aspects were considered non-compliant. These included:
 - Role for national regulators in approving aspects of the balancing regime
 - Within-day obligations
 - Operational balancing
 - Neutrality
 - Nomination rules
 - 3.1. See slides for further detail - [link](#).
 - 3.2. This preliminary opinion is now being discussed with ENTSO-G and will be presented at their 26th July public workshop.

- 3.3. One stakeholder questioned whether ACER were pushing for a greater role for the NRA in balancing. However Chair confirmed that the opinion was only asking for greater clarity in the NC on the role for the NRA, not to strengthen or expand its role.
4. **Incremental Capacity** – Consultation has been published by CEER seeking views on how to identify and integrate new capacity based on market demand established through coordinated market-based procedures. Initial findings to be presented at the Madrid Forum in October. *Given time constraints detailed discussion on the content included in the consultation has been carried forward into the next meeting.*
5. **Implementation of NC in GB** – Ofgem set the high-level ideas for implementation of NC in GB (see slides- [link](#)). Propose to use an ad hoc approach for implementation given that different NC will impact the GB framework differently.
- 5.1. Noted by National Grid that implementation may also require changes to the HSE Code.
6. **DECC-Ofgem-National Grid Group** – This is a group that has been meeting for a number of years to discuss the interactions between ACER, ENTSOG and Member States. Information from this group will be passed to the stakeholders in these regular updates. Terms of Reference were circulated to the group along with a NC overview sheet produced by National Grid. This overview sets out key milestones to completion and identifies the key issues for each NC/FG. The issues are currently specific to transmission. Stakeholders encouraged to make comments on the overview sheet to National Grid.
7. **Interoperability** – Ofgem updated the group on the latest developments of the interoperability FG. Draft FG was discussed at the last ACER Board of Regulator's meeting on the 10 June. Assume ENTSO-G will receive invitation letter from EC to start developing NC in September then normal NC timeline will follow. However, no dates have been confirmed yet.
8. **Capacity Allocation Mechanisms NC** - National Grid noted that ENTSO-G are expecting to send stakeholders a letter setting out the changes in the NC before the workshop in August. There will be an informal discussion of the NC by Member States on 20 September.
9. **AOB** – noted that ACER are preparing a note on the process for amending NC which is expected to be consulted on in July.

LIST OF PARTICIPANTS

Name	Organisation
Alex Barnes	Gazprom
Andrew Pearce	BP Gas Marketing
Clara Ruiz Prada	Ofgem
Clémence Marcelis	Ofgem
Colin Lyle	EFET
David Cox	Gas Forum MD
Debra Hawkins	National Grid Gas
Helen Stack	Centrica (Dial in)
John Costa	EDF Energy
Julie Cox	Energy UK (Dial in)
Konrad Keyserlingk	Ofgem
Mark Dalton	BG Group
Matt Hatch	National Grid Gas
Nevile Henderson	BBL
Pamela Taylor	Ofgem
Pavanjit Dhesi	IUK
Peter Bolitho	E.ON Trading/Gas Forum
Ritchard Hewitt	National Grid Gas
Richard Miller	Ofgem
Richard Street	Corona Energy
Stephen Rose	RWE
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