

DECC-Ofgem European Stakeholder Group for Gas
10/04/14 – 14:30-17:00 – 9 Millbank, SW1P 3GE
Chair: Rob Mills (Ofgem)

Minutes

Housekeeping

- 1) Rob Mills clarified that Colin Lyle's update had been listed in a previous version of the agenda as coming from EFET, whereas in fact Mr Lyle delivered his update as an independent advisor to the Gas Target Model revision panel.
- 2) There was one action from the last meeting: to have an update on the potential change to the comitology procedure in this meeting. It was discussed in the *European Developments* section.

European developments

a) Madrid Forum + gas storage

- 1) Ryan McLaughlin (Ofgem) informed the group that Ofgem has now taken on the co-chairmanship of the CEER Storage Task Force.
- 2) In the light of the ongoing developments in Ukraine, the focus of the Madrid Forum (6-7 May) has changed, and it will now concentrate more on security of supply in the Russia-Ukraine context instead of on CEER and Gas Storage Europe's joint vision of gas storage. The joint vision will now be discussed at the October Madrid Forum. The agenda of the May Madrid Forum can be found [here](#).
- 3) A question was asked about the role of the Madrid Forum in feeding into the Network Code development process. It was clarified that the Madrid Forum does not have the power to make decisions but it can be very influential on the gas policy agenda, particularly if there is a high level of consensus.
- 4) The question of storage in the Tariffs NC was discussed. Colin Lyle informed the group that storage was discussed in a Tariff NC stakeholder workshop meeting on 9th April, and it is seen as an important issue. Industry should feed their suggestions/comments into the Tariffs NC process as early as possible, and should also note that the Framework Guideline is not overly prescriptive and allows for some movement.

a) Updated Gas Target Model

- 1) Colin Lyle (Gas Target Model revision advisory panel member) provided an update on the revision process of the Gas Target Model. The revision is taking into account, amongst other things (i) the interaction with electricity market through gas-fired generation and (ii) the design and requirements for well functioning wholesale gas markets; this may mean a higher number of smaller balancing areas alongside fewer larger trading hubs.
- 2) Nathan Macwhinnie (Ofgem) provided a [slide](#) showing the timeline for the GTM process.

b) Comitology procedure update

- 1) Will Francis (DECC) informed members that although the comitology procedure is changing, this change will not affect the current suite of NCs. More information on comitology can be found on the European

Commission's website [here](#). If you have any further questions please get in touch with Will at will.francis@decc.gsi.gov.uk.

European Network Codes

c) Development of the Tariffs NC

- 1) Colin Hamilton (National Grid) delivered a [presentation](#) on ENTSO-G's development of the Tariff NC. Industry should seek to input into the development before May, after which the first draft of the code will be released, with a formal consultation of the draft taking place over June and July.
- 2) A particularly contentious issue is that of fixed vs floating tariffs. ACER's current thinking is that floating tariffs are the best option, and have called for evidence to prove otherwise. ENSTO-G have decided to leave open the option of fixed tariffs at interconnection points, despite Framework Guideline's clear instruction to the contrary.
- 3) It would be useful to have inputs from stakeholders on why 'dedicated services' should remain in the scope of the Tariffs NC and remain classified as a 'Transmission service', especially if stakeholders would like to see short haul tariffs listed as a dedicated service.
- 4) A one-off opportunity to break all capacity contracts to "let everyone start again" once the TAR NC is in force was proposed.
- 5) ENTSG's Cost Benefit Analysis of standardising the Tariff year was discussed. Colin Hamilton suggested that moving to the calendar year could cause some revenue volatility and indicated his preference to stay with current year.

d) IUK/National Grid/ Fluxys concept document for the implementation of CAM

- 1) Darren Reeve (IUK) gave a [presentation](#) outlining proposals drawn up by IUK, National Grid and Fluxys on how CAM will be implemented across the interconnections between these three networks (sometimes referred to as a "concept document"), and advertising the opening of the ensuing consultation.
- 2) Matthew Hatch (National Grid) added that stakeholder input is welcomed for the draft modification to the UNC which covers the choice for shippers of which ASEP they would like their existing Bacton entry capacity to be allocated to in the event of a split in the Bacton ASEP.
- 3) Neville Henderson (BBL Company) informed the group that good progress is being made on BBL, GTS and NGG's equivalent proposals for implementation of CAM, and that the document will be put out for consultation in the coming months.

e) REMIT update – National Grid

- 1) Michael Jenner (National Grid Gas) ([see slide here](#)) raised the issue of the necessity to report secondary capacity trading data under REMIT. NG's understanding is that under REMIT, TSOs are not obligated to provide secondary capacity trading data because they are not one of the counter-parties in such trades and therefore do not hold the relevant data (unlike primary data where as one counterparty the obligation is on TSOs). Therefore, it is for market participants trading on the secondary market to provide this data.
- 2) Michael noted that, in an effort to be helpful beyond the letter of NGs REMIT obligations, NG are very happy to work with market participants to find an effective solution to provide secondary capacity trading data to ACER. Market participants are free to provide secondary market data on an individual

basis but a collective solution may be preferable. One solution could be for Xoserve to become the delivery agent for secondary data in much the same way as NG hope it will become for primary data. However, for this to be the case Xoserve will need the secondary trading price data which it does not currently hold. Therefore, Michael suggested that if market participants did want Xoserve to provide this REMIT data service on their behalf, they may need to formally contract Xoserve to do so and with this would probably come formal confidentially assurances on how Xoserve would deal with and store the relevant market price data which will need to be provided by shippers and traders.

- 3) Michael encouraged colleagues to consider how they were intending to report REMIT secondary trading data so that a solution could begin to be formulated, because the REMIT Implementing Acts are due to be published soon.
- 4) Colin Lyle (EFET) said that he would look to obtain views from EFET members.

f) Other Network Code issues

- 1) Following Ofgem's decision to approve UNC mod 461, there is ongoing discussion between National Grid and upstream stakeholders over the implementation of the Gas Day change at the upstream and downstream interface, with a warning that it is unlikely for upstream to be able to align with the new Gas Day by downstream's October 2015 deadline. These discussions are expected to focus on issues such as contractual changes to agreements with terminal operators and the role of the claims validation agency.
- 2) There is an ACER [consultation](#) on the potential Rules for Trading FG/NC. There was a large degree of push-back from the RfT expert group on whether there was any need for a new set of FG, due to the feeling that many of the issues raised to date in RfT discussions could be achieved through proper implementation of CAM. There was a question over what is covered with regards to transparency in the RfT public consultation. This is surrounding the contractual conditions of capacity products/services e.g. do participants have sufficient information on interruption of capacity?

g) AOB

There was no other business

Attendee List

Matthew Hatch	National Grid
Marshall Hall	Oil and Gas UK
Colin Lyle	Advisory Panel Member / EFET
Sofia Eng	EDF
Christine Gilmore (dial-in)	Uregni
Lee Bowerbank	ExxonMobil
Michael Jenner	National Grid
Stephen Rose	RWE
Isabelle Magne (dial in)	GDF Suez
Louise Clark	DECC
Will Francis	DECC
Eleanor Warburton	DECC
Amrik Bal	Shell
Nevile Henderson	BBL Company
Colin Hamilton	National Grid
Roddy Monroe	Centrica Storage
Doug Wood	BP
Andrew Pearce	BP
Darren Reeve	IUK
Danielle Stoves	IUK
Martin Baker	Xoserve
Felicity Bush	ESB
Robert Sale	IUK
Ric Lea	Gazprom M&T
Julie Cox	Energy-UK
Jeff Chandler (dial in)	SSE
Manda Goodwin	ConocoPhillips
Graham Craig (dial in)	Uregni
Pavanjit Dhesi (dial in)	IUK
Nick Wye	Waters Wye Associates Limited
Adam Cooper	Centrica
Gerry Hoggan	Scottish Power
Chris Logue	National Grid
Rob Mills	Ofgem
Nathan Macwhinnie	Ofgem
Jessica Housden	Ofgem
Victoria Volossov	Ofgem
Clare Stark	Ofgem
Richard Miller	Ofgem
Ryan McLaughlin	Ofgem
Daniel Tattersall	Ofgem