

DECC-Ofgem European Stakeholder Group for Gas  
26th June, 14:30 – 17:00 - 9 Millbank, SW1P 3GE  
Chair: Rob Mills (Ofgem)

Minutes

---

Housekeeping

- 1) Rob Mills (Ofgem) raised the suggestion of moving the timing of the meeting and holding it in the morning rather than afternoon to allow for greater networking opportunities. It was agreed that it would be beneficial for future meetings to begin at 10:00 am finishing with a lunch.
- 2) There were no actions or follow ups to discuss from the last meeting.

European Developments

**a) Interoperability**

- 1) Sue Harrison (DECC) provided a brief update, explaining that the formal proposal for the text has now been received. The first (non-voting) comitology meeting will be held on the 10<sup>th</sup> July, whilst a further (voting) two day meeting will be held in October. The new text contains some small changes from the previous version and odorisation is still expected to be the most sensitive point. Comments are welcomed.
- 2) Chris Logue (National Grid) highlighted the concerns of ENTSO-G with the new text, specifically in relation to data exchange methodologies, which will be raised at the July meeting.

**b) Tariffs**

- 1) Colin Hamilton (National Grid) provided an update ([slides available here](#)). The Draft Tariff Code and supporting document have now been published and the supporting consultation is open until the 30 July. Early feedback from the recent Stakeholder Workshop was presented alongside a refresher of the timeline to Network Code submission.
- 2) A question was raised about what role the Commission is playing in discussions on the Code to date. It was noted that the Commission's main focus will tend to seek a harmonised approach and they have been actively engaged in discussions with both ACER and ENTOSOG. It was also noted that the Tariffs Code is an extremely difficult topic between ACER and ENTOSOG, and that ACER staff will be reluctant to change their position. Further to this, it was highlighted that the implementation of the code

(should it be made more prescriptive) could be problematic given that in some parts of Europe there is no TSO regulated asset base. Roddy Monroe (Centrica Storage) added that the linkages between the Tariff Code, storage sites and security of supply should be explored, rather than addressed in isolation.

**c) CAM**

- 1) David McCrone (Ofgem) provided an update on CAM implementation. The consultation on our 'minded to' decision on changes to National Grid's NTS licence has been published and the main points are detailed in the ([slides available here](#)). David highlighted that no modifications relating to the change in the Gas Day are covered here but instead in a separate work stream. Responses should be sent to [david.mccrone@ofgem.gov.uk](mailto:david.mccrone@ofgem.gov.uk) by 8 August.
- 2) A question was raised by Marshall Hall (Oil and Gas UK) about the applicability of CAM to existing contracts as he noted that existing contracts only refer to entry capacity under the current single Bacton Aggregated System Entry Point (ASEP) arrangements. As such, he thought that the point about CAM applying to existing National Transmission System (NTS) Entry Capacity contracts could be contested. However, it was highlighted that all contracts for entry to the NTS will continue to refer to entry capacity at Bacton even with the change in Bacton ASEP arrangements. Nonetheless David informed the group he would discuss this internally before providing further detail at the UNC European workgroup on 11<sup>th</sup> July.

**d) Madrid Forum outcomes**

- 1) Rob Mills and Sue Harrison updated the Group about the proceedings in Madrid. This included details of the first day which focussed on gas security of supply given the recent situation in Russian and Ukraine. It was noted that this was currently a main focus for the Commission and as such was affecting progress elsewhere including on getting the interoperability code to comitology.
- 2) The second day focussed on Network Code updates, Projects of Common Interest and a comparison of the US vs. European market. The criticism of the ACER monitoring report on CMP implementation (methodology, definitions and lack of data) was also highlighted.

**e) Gas Target Model**

- f) Rob Mills updated the group on the revisions to the GTM ([slides available here](#)). There has been considerable consultancy work undertaken focusing on the

performance of gas hubs against the criteria in the current GTM as well as on a database of over the counter trade (OTC) books. The criteria for the revised GTM for evaluating gas hubs were also discussed alongside the two ways to proceed where hubs are not able to meet the criteria; market integration and market enhancement.

**g) GB Implementation of ENC: Discussion on progress to date, CAM & BAL**

- 1) Marshall Hall (Oil & Gas UK) provided an update on the progress of negotiations for upstream to interface with the change to the downstream gas day in GB. He explained that Oil & Gas UK (OGUK) intend to apply to ACER for a modification to one of the network codes to exempt GB from the requirement to comply with the EU definition of gas day. He noted that this was an untested procedure, and they expect to submit their application in the next 4-6 weeks. He also noted that a request had been sent to DECC requesting support for OGUK's request to National Grid to propose a delay in the implementation of the Balancing Network Code.
- 2) A question was raised as to whether the proposal sent to ACER would contain details of the costs of a change in the gas day. Marshall confirmed that the submission will contain details of the costs of several different options (including dual gas day vs. a full change through the whole chain). He confirmed that the objective of the application will be for GB to retain a 6am gas day upstream and downstream.
- 3) A question was raised as to how upstream intend to interface with the new gas day downstream in the event that their application is unsuccessful and/or a delay to Balancing implementation is not approved.

Security of Supply

**a) EC Security of Energy Supply paper – main points of interest for GB**

- 1) Eleanor Warburton (DECC) presented the key headlines and features of the report and highlighted two key overarching considerations; (i) recognition that the situation across the EU differs meaning required responses may not be the same in each Member State and (ii) that there is a need to prevent any 'knee jerk' reactions that could affect the wider aims of the third package and the low carbon transition in the EU. She flagged DECC's concerns about the proposed voluntary demand aggregation mechanisms.

**b) CEER Storage and Security of Supply**

- 1) Ryan McLaughlin (Ofgem) presented this item, complete with [slides](#). He explained that CEER delivered a joint presentation with GSE at the Madrid Forum and held a

joint workshop at the end of June – the main points of discussion will be highlighted in the minutes that become available on [CEER website](#). They will include discussion points on changing market dynamics, the need for innovation, and the different playing field that currently exist across the EU.

- 2) A question was raised about strategic stock interventions and whether it was clear who would decide whether they were needed and in what form. Ryan explained that this level of detail had not yet been discussed and instead the current debate has focussed more on understanding that intervention distorts the market but that not all markets in Europe are functioning. Therefore there may be the need for intervention where market failure can be identified and if it is absolutely necessary then it must be done in a way that distorts the market the least.

AOB

There was no other business.

### Attendance List

Alex Barnes	Gazprom M&T
Francisco Gonzales	Gazprom M&T
Julie Cox (dial-in)	EnergyUK
Martin Baker	Xoserve
Marshall Hall	Oil and Gas UK
Lee Bowerbank	ExxonMobil
Andrew Pearce	BP
Nevile Henderson	BBL Company
Robert Sale	IUK
Pavanjit Dhesi	IUK
Peter Bolitho	Waters Wye Associates
David Cox	Gas Forum
Graham Craig (dial-in)	Uregni
Amrik Bal	Shell
Clare Cattle-Jones (dial-in)	Energy Networks
Roddy Monroe	Centrica Storage
Samia Adel	Storengy
Audrey Nugent	Chemical Industries Association
Charles Ruffell	RWE
Richard Fairholme (dial-in)	E.ON
Gareth Davies (dial-in)	Statoil

Robin Cannings	Storengy
Colin Hamilton	National Grid
Eleanor Warburton	DECC
Sue Harrison	DECC
Graham Jack	Centrica Energy
Rob Mills	Ofgem
Matthew Berry	Ofgem
Ryan McLaughlin	Ofgem
David McCrone	Ofgem
Vanessa Sturman	Ofgem
Jessica Housden	Ofgem
Ed Freeman	Ofgem
Tom Corcut	Ofgem