

DECC-Ofgem EU Gas Stakeholder Meeting
Conference Room 9, Ofgem, 9 Millbank
1st April 2016, 11:00am

Agenda		
<u>Coffee</u>	11:00:00	15 Mins
<u>Tour de Table</u>	11:15:00	5 Mins
<u>European Updates</u> <ul style="list-style-type: none"> · EU Security of gas supply, Intergovernmental agreements, LNG and Gas Storage and Heating and Cooling Strategy 	11:20:00	10 Mins
<u>European Network Code development</u> <ul style="list-style-type: none"> · Gas Quality and Interoperability Network Code developments 	11:30:00	30 Mins
<ul style="list-style-type: none"> · Tariff Code and Incremental Amendment developments 	12:00:00	30 Mins
<u>European Network Code implementation</u> <ul style="list-style-type: none"> · NGG European Network Code implementation 	12:30:00	15 Mins
<ul style="list-style-type: none"> · Ofgem updates including mods 	12:45:00	15 Mins
<u>AOB</u>	13:00:00	10 Mins
<u>Lunch</u>	13:10:00	20 Mins
<u>End</u>	13:30:00	

21st DECC- Ofgem Gas Stakeholder Group Minutes

01/04/16

Chair: Sue Harrison, DECC

European Updates

EU Security of gas supply, Intergovernmental agreements, LNG and Gas Storage and Heating and Cooling Strategy

- Nick Clements gave an update on the Winter package

SoS Regulation

- SoS Regulation is intended to increase security of supply and reduce market dominance. It features:
 - Defined cooperation regions
 - Solidarity principle
- The work is ongoing over the year, and won't be finalised under the Dutch presidency, though there is a drive to wrap up within the year. Stakeholders are supportive.
- Doug Wood notes the need to watch whether market and infrastructure are separated. Currently EFET are not invited to Copenhagen forum, but there are market and network user impact of investment tests, f-factors, social discounts to investment tests etc.
- Next Copenhagen is June – Doug thinks EFET attendance would be good for PCIs etc.
- Mike Thorne notes that regional emergency plans need to be clarified. It is not clear whether the intention is to remove the need for national plans.
- He notes that the application of the solidarity principle may not be straightforward, as the wording of the regulation needs some clarification. More work is needed to see what it means in practice.
- The subject of physical reverse flow exemptions for locations where there is no commercially viable requirement for reverse flow was discussed. There may be a stalemate if these are required by the EC but subject to commercial tests they cannot pass.
- Steve Rose asked what the EU Parliament think. Nick Clements notes they do not have strong views.
- Marshall Hall asks whether we are happy that there is a common definition of protected customers throughout the EU. Some have suggested that specific countries could redefine these categories to get an advantage.
- Edward Freeman notes that the proposed solidarity mechanism protects a narrower group of customers than the definition of protected customers in Article 2.

LNG and Gas Storage

- DECC are generally supportive of the Commission's efforts here.

IGAs

- This code focuses on Transparency, so DECC are generally supportive.

European Network Code development

Gas Quality and Interoperability Network Code developments

CEN Standard

- Ofgem and DECC agree that they don't think the problem has been defined and do not see the lack of a harmonised gas standard as a barrier to flows. Any action needs to be proportionate.
- David McCrone suggests that after assessing the impact of making the CEN standard binding, ENTSOG should have the option to conclude that harmonisation is not appropriate. A workshop will be held on 28 April to commence this analysis work. . Regarding the Wobbe Index and its possible future inclusion in the standard, we can't see how the problems that led to this being dropped last time have been resolved.
- Alex Barnes says he supports our concerns and adds that the prospect of an automatic amendment that includes restrictions on the Wobbe Index is a real concern. He notes that Gazprom do not see the need for a common standard and have been shipping across borders for 40 years. Gazprom believe a common standard may not work, and bilateral agreements between TSOs are best. A proportionate response to a defined problem is needed.
- David notes that the EC were due to set out their motivation for adoption of the CEN standard but the Brussels workshop was rescheduled. [post meeting note: The Commission will be presenting on 28 April].
- Marshall attended the meeting, which took part in a limited format despite being rescheduled. He said ENTSOG didn't give much away. He suggests that the process should ideally be delayed by a month to allow industry to respond, given the delays. He feels the Commission needs to better demonstrate the problem. There are already interoperability mechanisms in use. He notes that the Upstream parts of the industry are being engaged, but big concerns remain:
 - CO2 and O2 are for all points, not IP-only.
 - "Sensitive installations" is not defined.
 - Daily or hourly data needed for entry or exit, this is not available and so no appraisal can be done.
- Phil Hobbins gives some background. He says that the original mandate to CEN in 2007 arose from second package third party access requirements, i.e. TSOs had to accept gas for delivery that could be "safely and technically conveyed" but there was no agreement at EU level as to what that meant.
- Alex says if this is aimed at assisting cross-border trade, it won't help. Traders trade energy, not gas. TSOs are responsible for gas quality. Gas standards are not needed for cross border trading. He also notes effects on industry, power plants and domestic appliances.
- Julie Cox asks if the standards set by EASEE-gas are given undue weight.

- Doug notes that the EASEE-gas standards were useful at one stage, but were just technical and based on the gas mix that was available in a particular locale.
- Sue notes UK have been very effective at pushing back on this and will continue to do so.

Tariff Code and Incremental Amendment developments

- Colin Hamilton presented his slides.

European Network Code implementation

NGG European Network Code implementation

- Phil Hobbins presented his slides

Ofgem updates including mods

- Lucy Manning raised Mod 541A and 541B – Marshall notes that Waters Wye gave a good presentation on this in Feb. We noted the April 11th closing dates for responses.
- BP will be sending out 6-6 terminal contracts next week
- EASEE-gas – Have suggested alignment of gas day to power day. Anyone with a power/gas interaction should bear this in mind and look out for discussions.

Attendees

Name	Organisation
Nevile Henderson	BBL
Andrew Pearce	BP Gas Marketing Ltd
Graham Jack	Centrica Energy
Morgan Wild	Citizens Advice Bureau
Claire Mcloughlin	DECC
Nick Clements	DECC
Sue Harrison	DECC
Doug Wood	Doug Wood Associates
Natasha Ranatunga	EDF Energy
Julie Cox	Energy UK
Alex Barnes	Gazprom M&T
Lucy Manning	Gazprom M&T
Robert Sale	IUK
Colin Hamilton	National Grid

Mike Thorne	National Grid
Philip Hobbins	National Grid
Marshall Hall	Oil and Gas UK
Stephen Rose	RWE Supply and Trading GmbH
Gerry Hoggan	Scottish Power
Nahed Cherfa	Statoil
Marine Valls	Storengy UK
Nick Wye	Waters Wye
Andrew Malley	Ofgem
David Reilly	Ofgem
David McCrone	Ofgem
Edward Freeman	Ofgem
Michelle Toussaint-Bourne	Ofgem
Sean Hayward	Ofgem
Richard Miller	Ofgem