

Minutes of the 24th BEIS/OFGEM EU Gas Stakeholder meeting

26/01/2017

9, Millbank, London, SW1P 3GE

Chair: Chris Brown, Ofgem

BEIS Update

EU Security of Supply regulation

Robert Sanford (RS) reported that Council negotiations on the new SoS regulation had concluded, enabling the trialogue to begin. RS noted that the Maltese, who hold Council presidency, were hoping to conclude the trialogue meetings by Easter, enabling publication/implementation by early summer. RS noted a few key changes to the proposed regulation, including: “risk based” regional groupings for SoS measures; UK membership of two groupings; regional risk assessments to be updated every 4 years (not 2) to lower admin burden.

Industrial Strategy

RS also drew attention to the UK Government’s recently published [Industrial Strategy green paper](#), noting that secure and affordable energy takes a “front row”.

Brexit

Sue Harrison (SH - BEIS) noted that the PM’s recent speech leaves the door open for special deals on specific matters (eg energy) and doesn’t rule out a transitional period. Moving on, SH noted that BEIS are still scoping various “end game” scenarios, including the possibility that UK retains a strong trading relationship. BEIS hope that energy is a non-contentious trade matter, but recognise that the single market (if we remain within it) comes with additional obligations, eg environmental protection. BEIS are making the case that gas and electricity trading should remain “as-is” post Brexit. BEIS have specific concerns about Brexit impacts on RO Ireland. SH concluded by reminding Stakeholders that UK is “in until it’s out”, and that UK wishes to remain a compliant member of the EU.

Ofgem update

Quo Vadis study on gas market regulatory framework

Chris Brown (CB - Gas Systems, Ofgem) provided a brief update on the Commission’s Quo Vadis study, noting that it was running behind schedule. Attention was drawn to a workshop in Brussels on 30/01/2017 which would provide an opportunity for Stakeholders to provide input. When questioned on ‘drivers’, CB noted that the study aimed to identify any problems in the gas system that may lie ahead. It was suggested that, given that the (forthcoming) [TAR-NC](#) won’t be in until the 2020s, this study might be a little premature. However, it was also noted that it may have been initiated with an eye on Eastern Europe, since little had been done on market coupling/merging in this region (cf. electricity). Others voiced their concerns about the potential for the merging of markets and zero charges at interconnectors to be advocated. Others were concerned that too much activity was being embarked upon at a time of considerable uncertainty in the UK (ie Brexit), and that UK is perhaps going above and beyond minimum compliance requirements. Attention was drawn to Ofgem’s policy position with regard to TAR-NC. Returning to topic, CB outlined how Ofgem was contributing towards the Commission’s consultation via the Gas Target Model task force.

Congestion Management Procedures

CB reflected on ACER's 2016 Call for Evidence on CMPs, noting that their recent evaluation of responses showed support for enhancing the assessment of congestion indicators (CIs) and giving NRAs discretion on required measures (if any). It was also noted that automatic application of firm day ahead use-it-or-lose-it capacity at IPs was not universally supported, and that NRAs sought discretion in its use to resolve contractual congestion.

CB further outlined ACER's position on other CMP matters (see accompanying slides).

Storage

Ed Freeman (EF - Gas Systems, Ofgem) drew stakeholder's attention to the forthcoming publication of the liquid natural gas and gas storage strategy which was being undertaken by the Commission as part of the sustainable energy security package. EF noted that the strategy focussed on the need for additional LNG infrastructure in the east and south-east of Europe since these regions are largely dependent on a single gas supply. On gas storage, one stakeholder noted that a fundamental problem is an absence of demand for gas storage.

Gas Transmission Charging Review/Tariff Network Code implementation

CB informed stakeholders that Ofgem intended to update its 2015 policy view in light of recent developments in the gas transmission charging arena (ie forthcoming publication of the EU TAR-NC plus GTCR developments). In response to stakeholder queries, CB confirmed the scope of the policy view update, further noting that it would align with Ofgem's [regulatory stances](#).

Winter package/Clean Energy for All Europeans

CB gave a brief overview of Clean Energy for All Europeans, a proposed package of measures aimed at implementing a clean energy transition. The package was announced by the European Commission on 30 Nov 2016 - further information is available [here](#). CB noted that key elements include a redesign of the electricity market, a move to decarbonisation including measures to integrate renewables, an increase in the energy efficiency target to 30% etc. CB also drew attention to ACER's Gas Package Taskforce which is undertaking a mirroring exercise, ie which elements of the electricity market design package are relevant for gas?

National Grid Gas Update

Matthew Hatch (MH) and Colin Hamilton (CH) provided an update from NGG covering both CAM and TAR Network Codes respectively (Slides attached).

On CAM, MH gave an update on UNC mods 0597 (incremental capacity at IPs) and 0598 (amendments to capacity allocation mechanism). MH also drew attention to a forthcoming Mod (UNC0616) which would provide a capacity conversion service to resolve the problem of unbundled capacity at IPs. MH noted NGG's preference for a post-allocation conversion service, and stated that there was no intention to offer a day-ahead/within day service. An ENTSO-G meeting on the matter, scheduled for 28 March and focussing on Article 21, was mentioned. MH further noted that interruptible capacity pricing has been moved from CAM-NC to TAR-NC.

On TAR-NC, CH drew attention to ENTSO-G's forthcoming implementation workshop (29 March), and encouraged stakeholders to dial-in. CH continued by providing an update from recent Joint Office NTS-CMF meetings, sub-group meetings and [papers](#). A forthcoming UNC mod which will support the CAM amendment on fixed payable prices at IPs was discussed.

Attendees (* = teleconf)

Name	Organisation
Áine Spillane	GNI
Alan McFadden *	SSE
Alastair Owen	Ofgem
Amrik Bal	Shell Energy Europe Ltd
Andrew Pearce	BP Gas Marketing Ltd
Anna Shrigley	ENI
Charles Ruffell	RWE Supply and Trading GmbH
Chris Brown	Ofgem
Colin Hamilton	National Grid
David Cox	London Energy Consulting
David Reilly	Ofgem
Doug Wood	Doug Wood Associates
Fred Frazer *	NI Dept of Enterprise Trade and Investment
Gerry Hoggan	Scottish Power
Gillian O'Callaghan	GNI
Graham Jack	Centrica Energy
Jane May	Energy Networks Association
Jenny Phillips	National Grid
John Costa	EDF Energy
Julie Cox *	Energy UK
Lee Bowerbank	ExxonMobil
Lucy Manning	Gazprom M&T
Manda Goodwin	Conoco Phillips
Marine Valls *	Storengy UK
Matthew Hatch	National Grid
Matthew Hindle	Energy Networks Association
Michael Tholen	Oil and Gas UK
Mike Thorne	National Grid
Nahed Cherfa	Statoil
Nevile Henderson	BBL
Nick Wye	Waters Wye
Pavanjit Dhesi	IUK
Peter Bilotto-Jensen *	DONG
Richard Fairholme *	Uniper Energy
Robert Sanford	BEIS
Roddy Monroe	Centrica Storage
Samuele Repetto	EDF Trading
Sean Hayward	Ofgem
Stephen Bird *	Total
Stephen Rose	RWE Supply and Trading GmbH
Sue Harrison	BEIS