

Minutes of the 28th BEIS/OFGEM EU Gas Stakeholder meeting

From: Ofgem

Date: 03/12/2018

Time: 14:30 – 17:00

Location: 10 South
Colonnade, London E14
4PH

1. Present

Name	Organisation
Andrew Pearce	BP Gas Marketing LTd
Anna Shrigley	ENI
Con O'Donnell	GNI
David Cox	Lodnon Energy Consulting
Doug Wood	Doug Wood Associates*
Edward Freeman	Ofgem
Emma Piercy	National Grid
Florian Andre	Ofgem
James Acord	BEIS
Jane May	Energy Networks Association*
Jeff Chandler	SSE*
John Costa	EDF
Julie Cox	Energy UK*
Kristian Marr	Ofgem
Mark Carolan	Ofgem*
Mark Raphael	Mutual Energy*
Michael Wagner	Ofgem
Mike Thorne	National Grid
Nevile Henderson	BBL
Nick Wye	Waters Wye
Peters Dorsett	ExxonMobil
Philip Hobbins	National Grid
Richard Fairholme	Uniper Energy*
Robert Sale	IUK
Roddy Monroe	Monroe Associates
Safia Miyanji	BEIS
Samuele Repetto	EDF Trading
Stephen Rose	RWE Supply and Trading GbmH

Sue Harrison	BEIS
Veronika Gallhager	UREGNI*

*Attended via teleconference

2. Ofgem update

2.1. Madrid Froum:

Ed Freeman (EF, Ofgem) presented the key takeaways¹ from the Madrid Forum, the Commission's annual gas conference held in October. Unlike previous forums, a significant focus was put on the role of gas in the decarbonisation of the EU energy sector. EF provided an overview of the most relevant presentations given at the forum, including the Commission's update on their new studies. EF highlighted that the Commission advised PRISMA to consult stakeholders before the implementation of implicit allocation for gas.

2.2. ACER/CEER update:

EF provided an update on both CEER and ACER's deliverables to be launched in 2019, including a status review on regulating innovation in the gas sector, and a report on gas infrastructure and the energy transition. CEER is also expecting to publish its Future Role of Gas Study report in early 2019, and a study on the ways to foster the LNG market in Europe is expected in mid-2019.

2.3. EU storage

EF gave feedback from the GIE-FTI workshop held in Brussels on 4 October. A final report on the key measures for a sustainable storage energy market was published for GIE members².

2.4. Gas Directive Amendments:

EF provided an update on the proposed amendment to the definition of an interconnector in the Gas Directive. Renewed discussions have taken place but progress remains limited with different opinions between Member States.

2.5. EU Exit Licence Modifications

EF stated that Ofgem's objective is to ensure that the regulatory framework for electricity and gas markets continues to operate after exit day and to minimise uncertainty for market participants. Ofgem is preparing for multiple eventualities and is prioritising preparations for a no-deal scnerio which, following a review of the licences and a consutation exercise, will require changes to the licences. Code Administrators have confirmed that changes will be needed to the codes in the event of a no deal. These changes will be made through the normal Code Modification process. Ofgem is planning to communicate its timeline and approach to industry in the coming weeks. Ofgem is minded

¹ Conclusions of the Madrid Forum available at : https://ec.europa.eu/info/files/31st-madrid-forum-conclusions-workshop_en

² Available at : <https://www.gie.eu/index.php/gie-publications/position-papers>

to publish its Statutory Consultation in January, provided there is sufficient legislative clarity.

2.6. REMIT Registration

EF provided an update on REMIT³ in the event of no deal being agreed with the EU. Ofgem will continue to enforce REMIT using its domestic enforcement powers. This applies in all scenarios. EF stated that Ofgem will unilaterally recognise Market Participants (MPs) registered with EU-27 NRAs. He also stressed that GB REMIT data will no longer be reported to ACER. In time the data will be reported to Ofgem. During any implementation period Ofgem will rely on trade and order data currently collected by from GB brokers and exchanges, using its existing domestic powers.

A discussion on REMIT followed. Some stakeholders were concerned that they would need to re-register in the EU and discussed the practicalities of this and associated reporting systems. EF informed stakeholders that specific questions could be directed towards the relevant Ofgem team.

3. BEIS Update

3.1. Withdrawal agreement

Sue Harrison (SH, BEIS) explained that the government and the European Commission have agreed on a withdrawal agreement and political declaration. She highlighted that the government is still aiming for an agreement in March 2019, with the transition period effective up to 2020.

Safia Miyajji (SM, BEIS) explained that the government are preparing a suite of Statutory Instruments (SIs), which would be used in the event of a no-deal scenario, to bring EU legislation across to UK law. BEIS also issued a Gas Technical Notice, which provides guidelines on how gas businesses will be affected by Brexit.

3.2. BEIS discussions with Norway

SH then gave an update on the current talks with Norway regarding Brexit. BEIS advised that they anticipate no issues regarding future trading.

4. NGGT update

4.1. Brexit Update

Mike Thorne (MT, NGGT) provided an update on the preparation of the System Operator (SO) for a post-Brexit world. He stated that NGGT will be preparing relevant UNC modification(s) to align the UNC with SIs and licences, and noted the dependency on when the final versions of the SIs are published. He outlined there were a strong desire among UK and adjacent EU TSOs to keep existing arrangements in place.

³ Ofgem's decision letter on the No-Deal EU exit REMIT contingency arrangements available at : https://www.ofgem.gov.uk/system/files/docs/2018/12/no-deal_eu_exit_remit_contingency_arrangements.pdf

4.2. EU gas quality harmonisation update

Philip Hobbins (PH, NGGT) provided an update on ongoing work by the European Committee for Standardisation (CEN) to resolve the Wobbe Index (WI) question. In particular, he mentioned that hydrogen is of increasing relevance and that the Danish delegation has requested reviewing the 10ppm oxygen limit in the CEN standard. He also confirmed that ENTSOG will publish its second "Long Term Gas Quality Outlook" as part of its Ten Year Network Development Plan in January 2019.

4.3. Current EU data exchange issues

PH presented slides on the draft solution developed by ENTSOG and ACER regarding the EU data exchange issue. This solution would clarify that harmonisation is applicable for Virtual Trading Points (VTPs) as well as Interconnector Points (IPs). It would also clarify that parties carrying out data exchange on behalf of Transmission System Operators (TSOs) are also bound by the Interoperability Network Code . The draft solution would leave discretion to NRAs in:

- The application beyond the scope of the INT NC (IPs + VTPs) to other points (such as storage points, LNG terminals) and on the implementation date.
- The application to storage operators, LNG terminals and other operators not acting on behalf of a TSO.

PH confirmed that National Grid will further engage with the industry on the future of data exchange in the GB market in January 2019.

4.4. Daylight Saving Issues

PH mentioned that the Commission proposed to remove seasonal time change in 2019. ENTSOG is currently assessing the impact of this change. The main issue lies in the definition of the "gas day", in the CAM network codes (Article 3.16) which has a specific reference to both summer and winter time.