

Gas Operational Forum

11th February 2009 - Radisson Grafton

Agenda



1. Introduction
2. Matters Arising
3. SMPS Compliance Reporting
4. Operational Overview
5. Update on GBA Trigger Level
6. APX Gas UK Update
7. Ofgem Update
8. Gemini Update
9. UNC Modification Proposals
10. Maintenance Notices Update
11. Any Other Business

Andy Malins	National Grid	Janet Fletcher	European GPE
Jenny Phillips	National Grid	John Bradley	Joint Office
Nolan Robertson	National Grid	John Walbraith	Scottish Power
Graham Harvey	National Grid	John Marquiss	RWE
Sarah Magee	National Grid	Nigel Edwards	ExxonMobil International Limited
Nav Dosanjh	National Grid	Morten Jeppesen	Dong Energy A/S
Anita Murray	RBS Sempra Energy Europe	Nicholas Allen	BP
Dene Williams	Xoserve	Rajdeep Bharij	ENI
Doug Hazelwood	Citigroup Global Markets Ltd	Richard Fairholme	EON
Gly Hainay - Wilson	Chevron	Sanjit Lochab	BG International Ltd
Imran Chaudry	APX Group	Stuart Wing	Shell Energy
James Crump	Ofgem	Therese Simberg	APX Group
James Smith	EDF Energy	Tom Patman	Centrica Storage Ltd
Jamie Walsh	EON	Vineet Arora	EDF Trading

Gas Operational Forum Presenters

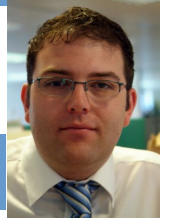
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Gas Operational Forum Minutes

1. Introduction

Andy Malins opened and welcomed everyone to the Gas Operational Forum. Andy also went through the Health and Safety information.

2. Matters Arising

There were no matters arising from the previous meeting in January 2009.

3. SMPS Compliance Reporting

This is a report on National Grid's NTS compliance with the System Management Principles Statement. This statement outlines the broad framework within which National Grid NTS will make system management decisions. Performance is monitored and assessed by both internal and independent external audits. The SMPS is published on the National Grid website:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/operationaldocuments/ProcurementSystemManagementServicesStatementsReports/>

The compliance report for January 2009 was presented by Nolan Robertson.

There were 3 buy actions and 19 sell actions during January 2009. There were no material or non-material breaches during January 2009.

4. Operational Overview

Nolan Robertson presented an edited version of the Operational Overview. The full version can be found at <http://www.nationalgrid.com/uk/Gas/OperationalInfo/operationsforum/>, a summary of which is below:

Weather

- January 2009 was the coldest January since 1987. However, sunshine was generally well above normal levels, especially in the West and North. CWVs have generally been below the seasonal normal levels, apart from a few days in the middle and end of the month.
- Early January saw an especially cold snap, including the coldest day of the winter so far (06/01/2009 – CWV = -0.06). However, at no point during this period has the CWV approached the Seasonally Cold expectations.
- There was another cold snap at the end of January / beginning of February, which has also seen snow throughout the UK. Again, CWVs did not approach the seasonally cold expectations.

Demand

4. Operational Overview (Continued)

- As would be expected, a period of high demands coincided with the cold snap at the beginning of January. On the coldest day we saw the 4th highest actual NTS Demand on record (06/01/2009 = 443.10 mcm). As has been the case in recent months demand was volatile during the month, with a swing of 106 mcm between the highest and lowest demands.
- The IUK Interconnector remained a demand on the system throughout January, adding to the high demands seen at the start of the month.

Supply and Storage Stocks

- High demands during the early stages of January necessitated heavy withdrawals from medium and short range storage, leaving SRS stocks particularly close to the Safety Monitor levels.
- UKCS, Norwegian and BBL flows remained above Winter Consultation levels for the majority of the month.
- January also saw the first LNG Imports from Isle of Grain terminal.

Market and Prices

- Prices remained steady at around the 60p/therm mark throughout January and early February. NBP trades have also been consistent.
- National Grid was again a net seller in January, which is consistent with what happened last year, and an indication that the system is generally under delivered, although this year the volumes sold by National Grid are lower.

Throughput & Neutrality

- From October 2008 to December 2008, there was a total cost to Energy Neutrality of £2.09m.
- From April 2008 to December 2008, there was a net revenue to Capacity Neutrality of £2.2m.

5. Update on GBA Trigger Level

An update on the GBA trigger level was given by Jenny Phillips.

Jenny explained the methodology for setting a Gas Balancing Alert (GBA) trigger level. It was also explained when the GBA trigger level is revised.

The GBA trigger level revisions for this winter were discussed with the reasons why revisions were made. Storage stocks were then explained along with when the safety monitors would start to decrease.

The process for when the NEC declares a Stage 1 Potential NGSE and curtails withdrawal from affected storage sites was explained along with compensation arrangements.

Further information on GBA's can be found at the link below:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/GBA/>

6. APX Gas UK Update

The APX Gas UK Update was presented by Therese Simberg. The average daily volume traded in January 2009 was 12 m therms. National Grid held a 3.17% share of total volume of trades. Through January 2008 to January 2009 there have been an average of 4,937 title trades per month.

Therese explained that the NBP Market Relaunch is being launched on the 11th March 2009, which is a new date. Therese also explained about the APX Gas Storage Market and the products available.

7. Ofgem Update

James Crump presented an update from Ofgem.

James explained that Ofgem will be consulting on licence changes which are necessary to implement the offtake reform.

The Operating Margins consultation is due to close on the 18th February 2009, and all responses are welcome.

Ofgem are planning to issue its final proposals for consultation on SO Incentives by the end of February 2009.

8. Gemini Update

Dene Williams presented an update on Gemini.

There were no incidents or outages during the reporting period of January 2009, which is the third consecutive month of no incidents.

Dene gave an update on the Disaster Recovery Testing which was carried out on the 8th February 2009. It was confirmed that the testing was carried out successfully and that a full Disaster Recovery Test will be carried out later this year.

9. UNC Modification Proposals

Updates on the mod's were presented by John Bradley as below:

New Proposals

Mod 241 (Mod "TR01") - Delaying the implementation of the adhoc application principle of the enduring offtake arrangements.

Proposals in Consultation

Mod 230 - Amendment to QSEC and AMSEC Auction Timetables

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9. UNC Modification Proposals (Continued)

Mod 230 AV - Amendment to QSEC and AMSEC Auction Timetables

Proposal Closed-Out

Mod 233 - Changes to Outstanding Energy Balancing Indebtedness Calculation

Proposals with Ofgem

Mod 219 - Publication of UK Wholesale Gas Market Liquidity

Mod 235 - Recovery of Debt and Smearing of Revenues via Energy Balancing Neutrality

Mod 237 - Disposal of Dynevor Arms LNG Storage Facility

Mod 239 - Reinstatement of NTS Interruption

Mod 240 - Promoting Competition in Operating Margins Provision

Review Proposals

Mod 217 - Gemini Code Contingency Arrangements

Mod 221 - Review of Entry Capacity and the Appropriate Allocation of Financial Risk

Implementation Proposal

Mod 116/195 Series -

Reform of the NTS Offtake Arrangements (0116)

Introduction of Enduring NTS Exit Capacity Arrangements (0195)

0195AV Approved

Mod 234 - To Correct Drafting Inconsistencies between Sections X and V of the UNC in Respect of User Default and Termination

Mod 236 - Amendment to px (TGPP) Limited Network Entry Agreement

10. Maintenance Notices Update

The maintenance notices update was presented by Graham Harvey. Graham went through the maintenance planning process, explaining the considerations and network analysis which has to be carried out. Graham highlighted the key dates for maintenance planning within 2009 and the projects that will be completed.

Key projects for 2009 were identified as:

Kirriemuir compressor - New electric drive unit

Churchover compressor - New electric drive & reverse flow modifications at Churchover multijunction

Feeder 2 shutdown - Diversion to accommodate a quarry

Feeder 7 shutdown - Minimum offtake connection

Feeder 21 shutdown - Minimum offtake connection

Feeder 5 remedial works - Repair of a pipeline defect to enable connection of feeder 18 to Gravesend

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AGI.

South Wales infrastructure - Ongoing works at Cilfrew & Treaddow PRIs. Felindre Compressor Station.

Compressor Maintenance was identified at:

Aberdeen
Kirriemuir
Kings Lynn
Wormington
Hatton
Peterborough

Terminal capabilities were displayed for throughout Summer 2009. Decreases in capabilities were shown at:

St Fergus from April to August
Easington in May, June, July and September
Theddlethorpe in July and September
Bacton in September
Isle of Grain in July
Milford Haven in September

No questions were raised by the forum for Graham regarding maintenance notices.

The current maintenance plan can be found at the below link:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/maintenance/>

11. Any Other Business

None

Date of Next Meeting:

18th March 2009 at The Radisson Grafton Hotel