

# Gas Operational Forum

**8th October 2008 - Radisson Grafton**

## Agenda

1. Introduction
2. Matters Arising
3. SMPS Compliance Reporting
4. Operational Overview
5. APX Gas UK Update
6. Ofgem Update
7. Gemini Update
8. UNC Modification Proposals
9. NTS Infrastructure and Maintenance
10. SIS Data Publication
11. Exercise Prelude
12. Any Other Business

## Attendees



Andy Malins	National Grid
Jenny Phillips	National Grid
Nolan Robertson	National Grid
Paul Youngman	National Grid
Paul Gallagher	National Grid
Sarah Magee	National Grid
Sanjit Lochab	BG International Ltd
David Linden	BP Gas Marketing Limited
Barnary Milne	BP Gas Marketing Limited
Miles Maddox	British Gas Trading
Craig Purdie	Centrica Storage Ltd
Jitendra Patel	Centrica Storage Ltd
Joanna Harris	Chevron
Simon Boon	Citigroup
Ben Gibbins	Conoco Phillips
Thomas Jesshop	Conoco Phillips
Mads Damsø Nielsen	DONG Energy
Gareth Ewens	Eni

Jacques Xavier	Essent Energy
Johan Cornel	Essent Energy
Jeremy Rimmer	Exxonmobil
Clare Temperley	Gas Forum
John Bradley	Joint Office
Keith Stanton	JP Morgan
Janet Fletcher	Koch Supply and trading LP
Sabina Kanji	Merrell Lynch
James Crump	Ofgem
Anita Murray	RBS
John Marquiss	RWE
Andrew Bell	Scottish Power
Stuart Wing	Shell
Michelle Webley	Star Energy Group plc
Graeme Beveridge	Vattenfall
Neil Bashford	Vitol Services Ltd
Richard Griffiths	Xoserve



# Gas Operational Forum Presenters

## Andy Malins





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## John Bradley

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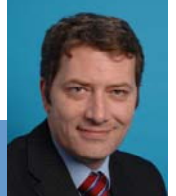
## Sarah Magee



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## Paul Youngman

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## Paul Gallagher



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# Gas Operational Forum Minutes

## 1. Introduction

Andy Malins opened and welcomed everyone to the Gas Operational Forum. Andy introduced Jenny Phillips as the GNCC Strategy and Support Manager. Andy also went through the Health and Safety information.

## 2. Matters Arising

There were no matters arising from the previous meeting in August 2008.

## 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 August and September 2008 was presented by Nolan Robertson.

There were 13 buy actions and 18 sell actions during August and 22 buy actions and 20 sell actions during September. There were no material or non-material breaches during August and September, and year (calendar) to date.

## 4. Operational Overview

Nolan Robertson presented the Operational Overview.

### Weather

CWV's during August and September were around average with very little sunshine but relatively warm temperatures. The weather continued along its unsettled theme that was prevalent over the last reporting period.

Levels of rainfall were high again.

Some major hurricanes in the Atlantic have closed large areas of oil and gas production for short periods and this is set to continue with a forecast of more to come.

The UK October weather forecast is for more unsettled weather and a "distinctly Autumnal" feel.

## 4. Operational Overview (Continued)

### Demand

The reporting period shows NDM demand now beginning to rise as would be expected into Autumn. I(UK) has been on outage and this caused some very low UK demand days in early September. Storage demands have also been low caused by the aggressive filling strategy earlier in the summer.

### Supply & Storage

UKCS supplies have risen over the reporting period, most likely due to plant returning from normal summer outages. Coupled with this has been some very volatile Norwegian flows.

The I(UK) and BBL outages also took place over the period which caused some heavy UKCS supply periods.

Storage demand has been low, although there has been some MRS demand at the cycling sites, plus some small daily LRS demands. Stock levels at all storage types look healthy for the time of year.

### Market & Prices

NBP price volatility has been particularly evident over the reporting period with high's of 81p/th and low's around 45p/th.

August saw the trend of National Grid sells continue but September saw a significant number of buy actions for the first time since Spring. Despite volatility in the markets, NBP trades were relatively steady.

### Capacity

There were no Capacity Scalebacks or Buybacks for August or September 2008. The new RMTTSEC product is now evident in the reporting charts.

### Throughput & Neutrality

Note: The throughput and neutrality data is only available up until 31<sup>st</sup> August 2008.

The net Energy Neutrality position (Oct – Aug) has amounted to a revenue of £18.3m and the net Capacity Neutrality (Oct – Aug) has amounted to £587k, primarily from overruns.

## 5. APX Gas UK Update

The APX Gas UK Update was presented by Louis Hems. The average daily volume traded in August 2008 was 8.5 m therms, and 9 m therms in September 2008. National Grid held a 5% share of total volume of trades. An update was given on the EuroLight Upgrade. It was confirmed that the mandatory cut-over will be on week commencing 17th November 2008. Louis thanked all the attendees that had attended the Business Forum at St Martins Lane.

## 6. Ofgem

James Crump presented an update from Ofgem.

An update was given on the SO Incentives, which Ofgem are in the process of developing initial proposals. To register for any updates on the SO Incentives, please e-mail: [soincentive@ofgem.gov.uk](mailto:soincentive@ofgem.gov.uk).

Ofgem intend to issue a decision on the Offtake reform before the end of November 2008.

The NGG NTS Planning Code was approved by Ofgem.

The group were reminded that if they wished they could raise a modification to bring the September 09 QSEC auction forward due to the introduction of substitution.

The Winter Outlook Report was published and is available on the Ofgem website.

The Gas Energy Supply Probe was launched on Monday 6th October 2008. The key findings so far within the Retail Market was there is no cartel in gas. Ofgem has however, asked for suppliers to assist vulnerable customers. The investigation within the Wholesale Markets is ongoing.

## 7. Gemini Update

The Gemini Update was presented by Richard Griffiths which covered the most recent outages and incidents. The various outages and incidents have been analysed and were summarised in the forum. The dates covered are as below:

- 4th August - Issues with connectivity to Gemini On Line Services
- 14th to 21st August - Access problems for API users IDs
- 2nd September - Issues with connectivity to Gemini API Services
- 2nd October - Gemini online service unavailable

The enduring Transfer and Trade project has started, in order to find a permanent solution to meet UNC modification 187A. The proposed implementation date for this is Sunday 17th May 2009. Before the implementation there will be shipper trials. If interested in taking part in the shipper trials, please contact Andy Simpson (0121 623 2744).

## 7. Gemini Update (Continued)

The Enhanced System Security Project's acceptance criteria was not met, so the project implementation was cancelled. The Project has been deferred until Spring 2009. For further information on this please contact Sat Kalsi (0121 623 2644).

The Gemini Database Disaster Recovery is due to take place on the 18th and 19th October 2008.

## 8. UNC Modification Proposals

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

### New Proposals

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

Mod 222 - Amendment of Interconnector UK's Minimum Wobbe Limit

Mod 223 - Provision of day ahead Gas Flow Nomination data at major Aggregated System Entry Points

### Proposals in Development

Mod 217 - Gemini Code Contingency Arrangements

Mod 219 - Publication of UK Wholesale Gas Market Liquidity Data

### Proposals with Ofgem

Mod 116 - Reform of the NTS Offtake Arrangements

Mod 195AV - Introduction of Enduring NTS Exit Capacity Arrangements

### Proposals Implemented

Mod 216 - Introduction of an Additional Discretionary Release Mechanism for NTS Entry Capacity

### Proposals Withdrawn

Mod 214 - Reservation of Firm NTS Exit Capacity at new NTS Exit Points in the transitional period

## 9. NTS Infrastructure and Maintenance

NTS infrastructure and maintenance notices update was presented by Andy Malins. An update was

The NTS infrastructure and maintenance notices update was presented by Andy Malins. An update was given on the projects completed over the Summer 2008:

- Feeder 29 and Longtown Flow Control Valve
- South West Reinforcement Project
- South Wales Expansion Project
- Wormington Compressor Station
- Felindre Compressor Station
- Barton Stacey to Lockerley
- Isle of Grain Expansion Project

Maintenance planned for the Winter period was confirmed as:

- Feeder 21 Mickle Trafford - Shotwick Diversion
- Feeder 16 Pennington - Sellafield OLI feature investigation

## 10. SIS Data Publication

Paul Gallagher presented the SIS Data Publication. MIPI Phase 2 is due to be delivered during 2009/10. Paul explained that there is an aim to rationalise data and deliver via dedicated platforms. He explained that non shipper sensitive information will be published on the internet via MIPI, whilst shipper specific data will remain accessible via a secure subscriber mechanism.

## 11. Exercise Prelude

Exercise Prelude was presented by Paul Youngman. Paul defined that “a ‘supply emergency’ means an emergency endangering persons and arising from a loss of pressure in a network or part thereof (GSMR Reg 2.1)” Paul explained that there are three types of emergency:

- Gas Supply Deficit
- GS(M)R Safety Monitor Breach
- Critical Transportation Constraint

Paul highlighted the key requirements under the Gas Safety Management Regulations 1996. He went onto explain the role of the Network Emergency Co-ordinator and what their typical actions would include. The requirements and responsibilities of users was summarised, including the requirement for user emergency contacts. The importance of log keeping was also highlighted as a report for the HSE will be written.

Exercise Prelude is scheduled to take place on the 5th and 6th November 2008. Briefing packs have

## 11. Exercise Prelude (Continued)

been sent to all industry participants. If a briefing pack has not been received, please e-mail: [gasops.emergencyplanning@uk.ngrid.com](mailto:gasops.emergencyplanning@uk.ngrid.com)

It was also explained that a parallel exercise will also be run with Moffat Interconnector.

## 12. Any Other Business

### Discretionary Release (DRSEC)

Sarah Magee presented on the concept of the DRSEC auction. Mod 216 was approved in August, which allows National Grid to hold System Entry Capacity auctions outside of the UNC defined auction mechanisms. The DRSEC auctions allows firm capacity to be released on a discretionary release mechanism. It was explained how two auctions have already been held, and that a further auction may be held at the back end of October 2008.

### Discretionary Interruption

The Discretionary Release of Interruptible Capacity was presented by Sarah Magee. It was explained how Mod 159 was approved in September 2007, which allows National Grid to release a discretionary quantity of interruptible entry capacity in addition to UIOLI. Sarah summarised the criteria that an ASEP needed to meet in order for capacity to be released. It was also explained how the criteria has altered from the last winter.

## Date of Next Meeting:

**12th November 2008 at The Radisson Grafton Hotel**