

Gas Operational Forum

13th August 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. Maintenance Notices Update
9. QSEC Auction
10. Scaleback and the Restoration of Interruptible Rights
11. Residual Balancing
12. Any Other Business
Exercise Prelude

Attendees

Andy Malins	National Grid
Nolan Robertson	National Grid
Dave Wagstaff	National Grid
Chris Aldridge	National Grid
Sarah Magee	National Grid
Louis Hems	APX Gas UK
Christian Moger	APX Gas UK
Sam Maidment	BG Group
Michael Doherty	Centrica
Mark Baker	Centrica Storage Ltd
Jamie Adcock	Centrica Storage Ltd
Simon Boon	Citigroup
Tom Jesshop	Conoco Phillips
Rasmus Neergaard Jacobsen	DONG Energy
Jen Gavin	EDF Trading Markets Ltd
Delphine Pilourpvet	Eni
Jamie Walsh	E-on UK
Xavier Jacques	Essent
Nigel Edwards	Exxonmobil International Ltd

Colin Lyle	Gas Market Insights Ltd
Joel Viala	Glencore Energy UK Ltd
Richard Norris	HETCO
Scott Keen	Intergen
Bob Fletcher	Joint Office
Keith Stanton	JP Morgan
Janet Fletcher	Koch Supply and Trading LP
Oliver Burdett	Lehman Brothers
Ricky Deo	National Grid
James Crump	Ofgem
Anita Murray	RBS
John Marquiss	RWE
Stuart Wing	Shell
Benjamin Clair	South Hook Gas
Mo Revani	SSE
Michelle Webley	Star Energy
Catherine Fay	Total
Neil Bashford	Vitol Services Ltd
Richard Griffiths	xoserve

Gas Operational Forum Presenters

Andy Malins



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Gas Operational Forum Minutes

1. Introduction

Andy Malins opened and welcomed everyone to the Gas Operational Forum. Apologies for absence were received from Dave Mitchell and John Bradley. Andy explained that Paul Youngman has moved roles since the last Gas Operational Forum, and therefore his role is being advertised internally. Andy also went through the Health and Safety information.

2. Matters Arising

There were no matters arising from the previous meeting in June 2008. A request had been previously made for a presentation on balancing, and it was explained that a presentation had been prepared for this forum.

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 June and July 2008 was presented by Nolan Robertson.

There were 7 buy actions and 17 sell actions during June and also during July 2008. There were no material or non-material breaches during June and July, and year (calendar) to date.

4. Operational Overview

Nolan Robertson presented the Operational Overview.

Weather

Temperatures over June and July 2008 were slightly cooler on average than the same period in 2007, although well within seasonal normal expectations. Weather in general was very unsettled and changeable for the time of year, short spells of fine weather.

4. Operational Overview (Continued)

Rainfall was also well above average (England and Wales seeing 79% above).

The Atlantic Hurricane season is underway, and there is a forecast of above normal activity.

Looking forward, the weather forecast is for the rest of August to be unsettled, much like the rest of the summer.

Demand

NDM load remains steady over the period and is no longer responsive to temps. DM, Storage and Interconnector loads also remained steady, although still below our Seasonal Normal assumptions, which were based on assumptions of higher flows at IUK.

Supply and Storage

Supplies have remained comfortable over the reporting period, with an increase in Norwegian supplies as UKCS supplies fell slightly back.

The storage stock levels continue to increase and look healthy for the time of year. Storage demand strong following the heavy use we saw last winter. Rough has now moved to single train injection.

Market and Prices

The upward trend on SAP prices seems to have levelled off over the reporting period. 2 periods of heavy GNCC sells saw significant downward price spikes, which have since recovered.

NBP trades remain consistent. Based on this period, around 70% of Gas flowing onto the NTS is NBP gas.

National Grid participation in the OCM has been as a net Seller, in contrast with the same period last year where National Grid was a net Buyer.

Capacity

There were no buy backs or scale backs during the reporting period.

Throughput and Neutrality

Standard Note – *The Throughput and Neutrality section is dependant on Entry closeout and therefore the data is only available for the period up until 30 June 2008.*

Imbalance continues to be a very small percentage of overall Throughput.

Energy Neutrality amounted to a revenue of £15.76m and Capacity Neutrality £519,564.71.

5. APX Gas UK Update

The APX Gas UK Update was presented by Louis Hems. During June 2008 253m therms were traded, and in July 2008 251m therms were traded. APX Gas Storage Project with CSL was launched in June 2008 and a member update will be sent out week commencing 18th August 2008. The APX Business Forum will be held on the 2nd September, with the Risk Manager present in the morning and the IT Manager present in the afternoon. A Eurolight upgrade is planned for mid November 2008. Louis stated that to be added to the member update list, he can be e-mailed to request this (l.hems@apxgroup.com).

6. Ofgem

James Crump presented an update from Ofgem. The Codes Governance Review commenced at the end of June 2008 and the scope document is available on the Ofgem website. The Code Administrators Working Group will meet on the 28th August 2008. The contact for this working group is John Dixon (johnathan.dixon@ofgem.gov.uk).

In John Bradley's absence, James updated the forum on various mod's, including the Offtake Reform. Responses to the Impact Assessment are requested by 29th August 2008 to gas.transmissionresponse@ofgem.gov.uk.

The draft Winter Outlook Report was published in June, and is currently available on Ofgem's website. The Winter Outlook Seminar will be held on the 10th September 2008, to attend please contact gbmarkets@ofgem.gov.uk.

The Methane Consultation process is due to close on the 8th September 2008, and the consultation paper is on the Ofgem website.

Question

Colin Lyle asked what the purpose of the Methane Proposal was. Andy Malins explained that the Methane Proposal is to minimise losses on the NTS.

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:

- 15th and 16th June - Issues with connectivity to Gemini API Services
- 7th July - Issues with connectivity to Gemini API Services
- 24th July - Data not updated in Gemini
- 25th July - Offline container failed to restart following housekeeping period

7. Gemini Update (Continued)

Due to the incident on the 25th July the Gemini Database Disaster Recovery testing scheduled for the 26th and 27th July was cancelled. Analysis on the incident on the 25th July is currently being carried out.

An update was given on the Enhanced System Security Project. An outage has been replanned for the 14th September 2008 between 9 am and 12 noon. For further information please contact Sat Kalsi on 0121 623 2644.

An update was also given on the Gemini Summer Release. The outage window has been confirmed for 17th August 2008. For further information please contact Andy Simpson (0121 623 2744) or Lee Foster (0121 623 2748).

8. Maintenance Notices Update

The maintenance notices update was presented by Andy Malins. An update was given on the On Line Inspections completed, and the ones that are still to be carried out. The final maintenance plan will be re-published shortly:

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

9. QSEC Auction

Dave Wagstaff presented an update on this year's QSEC Auction which is usually held annually each September. He confirmed that:

- The invitation letter will be published by the 18th August 2008
- The indicative dates for this year's auction are the 15th to 26th September 2008
- Allocations will be made in November 2008
- The transaction period for this auction is 1st April 2010 to 31st March 2025.

Dave confirmed that substitution will not be part of this year's QSEC Auction, but will commence next year. It was stated what was required of bidders before the auction and after the auction.

A workshop for the auction will be held on the 22nd September 2008 and invites will be sent out in due course. Further information regarding the auction can be found on:

www.nationalgrid.com/uk/Gas/Data/CA/Reports

Question

Colin Lyle asked whether a shipper that was not currently trading could buy in the QSEC. Andy Malins responded by stating that to participate in the QSEC a shipper would need to have a license to take part.

10. Scaleback and Restoration

Dave Wagstaff presented on Scaleback and Restoration. The main principle of this is to allow for multiple scalebacks and restorations at the same ASEP throughout the same Gas Day. Chris presented various examples of when a scaleback may be applied, followed by a restoration, followed by another scaleback.

11. Residual Balancing

Chris Aldridge gave a presentation on Residual Balancing. Chris summarised incentive behaviour, followed by summarising a day in the life of balancing the NTS. Mini-consultation documents on Residual Balancing and Shrinkage will be published mid-August.

12. Any Other Business

Exercise Prelude

The date of the NEC exercise has been confirmed as week commencing 3rd November 2008.

**Date of Next Meeting:
8th October 2008 at The Radisson Grafton Hotel**