

Gas Operational Forum

14th January 2009 - Radisson Grafton

Agenda



1. Introduction
2. Matters Arising
3. Throughput and Neutrality (normally part of Operational Overview)
4. Operational Overview - Highlights
5. Review of Week Commencing 5th January 2009
6. APX Gas UK Update
7. Ofgem Update
8. Gemini Update
9. UNC Modification Proposals
10. Maintenance Notices Update
11. Any Other Business
 - Operating Margins Tender
 - NTS Exit Capacity

Andy Malins	National Grid	Janet Fletcher	European GPE
Jenny Phillips	National Grid	John Bradley	Joint Office
Nolan Robertson	National Grid	John Marquiss	RWE
Sarah Magee	National Grid	Joy Chadwick	ExxonMobil International Limited
Catherine Fay	Total Gas & Power Limited	Keith Stanton	JP Morgan
Colin Lyle	Gas Market Insights Limited	Melvyn Wilson	Drax Power Limited
Colin Saward	GMSL	Michael Doherty	Centrica Storage Ltd
Craig Purdie	Centrica Storage Ltd	Nigel Edwards	ExxonMobil International Limited
Delphine Pihourquet	Eni UK	Oliver Burdett	RBS Sempra Energy Europe
Dene Williams	xoserve	Philippe Francois	Essent Trading
Diarmaid MacColgáin	JP Morgan	Richard Norris	Hess Energy Power and Gas Ltd
Doug Hazlewood	Citigroup Global Markets Ltd	Robert Hutcherson	BP Gas Marketing Limited
Dylan King	ConocoPhillips (U.K.) Limited	Sam Maidment	BG International Ltd
Gareth Roberts	Macquarie Bank Ltd	Sandra Simpson	xoserve
Imran Chaudry	APX Gas UK	Scott Keen	InterGen Uk Ltd
James Crump	Ofgem	Stuart Wing	Shell Energy Trading Ltd
James Smith	EDF Energy	Therese Simberg	APX Gas UK
Jamie Walsh	EON	Xavier Jaques	Essent Trading

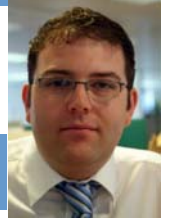
Gas Operational Forum Presenters



Andy Malins



 01926 653442
 andrew.malins@uk.ngrid.com

Nolan Robertson



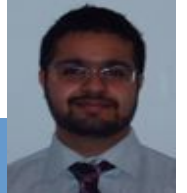
 01926 654047
 nolan.robertson@uk.ngrid.com

Jenny Phillips



 01926 653977
 jenny.phillips@uk.ngrid.com

Imran Chaudry



 0207 841 5642
 i.chaudry@apxgroup.com

James Crump



 0207 901 7137
 james.crump@ofgem.gov.uk



Sandra Simpson



 0121 623 2307
 sandra.l.simpson@xoserve.com

John Bradley



 0121 623 2108
 john.bradley@gasgovernance.com

Gas Operational Forum Minutes

1. Introduction—Complete

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

2. Matters Arising—Complete

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

3. SMPS Compliance Reporting—Complete

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 December 2008 was presented by Nolan Robertson.

There were 7 buy actions and 32 sell actions during December 2008. There were no material or non-material breaches during December, and year (calendar) to date.

4. Operational Overview

The Operational Overview was presented by Nolan Robertson.

Weather

- December 2008 has been the coldest and driest December since 2001. Temperatures were generally below average during the month, as was rainfall. However sunshine was well above normal levels, with some areas seeing almost double the normal levels of sunshine.
- CWVs were below the seasonal normal for much of the month, however during a particularly mild period just before the Christmas break, where they were at or around the seasonally warm levels. This was then followed by a cold snap at the end of the month where CWVs fell to nearer the seasonally cold levels.

Demand

- With the shifts in weather mentioned above it has again been easy to see the inverse relationship between Demands and CWVs, with changes in weather met by increases and decreases in Demand. There was a high range of demands in December, with a shift of 100 mcm in the space of

4. Operational Overview (Continued)

11 days in the middle weeks of the month.

Supply and Storage Stocks

- The UKCS and Norwegian supplies were again reasonably steady throughout the month, and there was also some withdrawal from MRS and LRS at the higher periods of demand. There were some small IUK supply flows during the late December cold snap.
- As of the end of December, storage stock levels still look reasonably healthy, despite the above mentioned withdrawals from MRS and LRS. MRS withdrawals were also offset by Injection during the pre Christmas mild period.
- A second entry point at Isle of Grain was commissioned on the 30th of December.

Market and Prices

- The Prices were reasonably steady throughout December, staying at ~60p/therm for much of the month.
- When National Grid was obliged to take actions it was largely to sell throughout December. This pattern is consistent with last December, although there was more gas traded by National Grid this year. NBP trade volumes were steady and consistent throughout the month.

Throughput & Neutrality

Note – Throughput and Neutrality data was only available until 30/11/2008 at the time of presenting.

- Energy Neutrality – For the period October 2008 to November 2008, there was a net Revenue to the Energy Neutrality pot of £4.58m.
- Capacity Neutrality – For the period April 2008 to November 2008, there was a net Revenue to the Capacity Neutrality pot of £1.25m.

5. Review of Week Commencing 5th January 2009

A review of week commencing 5th January 2009 was presented by Jenny Phillips, the content of which can be found in the slides:

[Review of Week Commencing 5th January 2009](#)

Jenny explained that if any of the types of storage are forecast to be depleted to such a level that there will only be 2 days (at maximum withdrawal rate) left in storage above the Safety Monitor level by the end of the current gas day, the Gas Balancing Alert (GBA) trigger level will be reduced by the maximum withdrawal rate for that class of storage. When this happens National Grid are obliged by the UNC to revise the GBA Trigger level and to send a message to industry. The GBA trigger level is based on a combination absolute Supply and Demand level and the impact of a potential breach of a Safety Storage Monitor. The GBA is intended to provide a signal that additional supplies/demand reduction may be required to avoid the risk of a Gas Supply Emergency.

National Grid expressed that gas Shippers and Suppliers are required in accordance with their licence to take steps to secure gas supplies to satisfy the domestic supply security standard. This includes the 1:50 winter severity for their domestic end-users.

5. Review of Week Commencing 5th January 2009 (Continued)

The GSMR Safety monitor(s) includes gas for protected by monitor end-users and gas required to maintain adequate pressure to protected by monitor end-users, when protected by isolation end-users are being isolated from the network.

Question

Has the safety monitor been breached?

No, the safety monitor has not been breached, if however, storage drops below the safety monitor line then it will be breached.

Will the safety monitor be breached within the next 2 days?

Not necessarily, as the alert is sent out when a maximum withdrawal rate would instigate a safety monitor breach within 2 days. On average, withdrawal rates over the last few days have been less than maximum.

Is IUK having an impact on supplies?

Supplies are continuing to be provided from sources including SRS, MRS and LRS.

Is the SRS figure an aggregate of all SRS?

Yes, there is no locational element with SRS.

If supplies change would the GBA trigger level increase?

In the past we have increased the GBA trigger level, and we have also decreased it. Normally the GBA trigger level is altered on a monthly basis, however, due to circumstances the level has been revised twice in the past week. It is being reviewed on a more regular basis at the moment.

Would the GBA trigger level alter is MRS decreased?

Yes, if MRS was within 2 days of breach at maximum withdrawal rate then the GBA trigger level would be adjusted accordingly.

Does the GBA trigger level decreasing increase the chance of interruption?

No, it sends a message to industry that they cannot necessarily rely on sustained flows from SRS for a significant period of time.

When will the safety monitors increase?

The safety monitors are in place to support a 1 in 50 winter. Once winter is over, then the safety monitors will decrease.

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 Imran Chaudry. The average daily volume traded in December 2008 was almost 14.5 m therms. National Grid held a 5.97% share of total volume of trades. Through December 2007 to December 2008 there have been an average of 4,903 title trades per month.

Imran discussed the NBP Market Relaunch, which will launch mid-February. A member update will be sent out in due course.

7. Ofgem Update

James Crump presented an update from Ofgem.

Following on from the update given by Ofgem last month, the Offtake Arrangements mod should have a decision made over the coming week.

The next substitution workshop will be on the 10th February 2009.

The System Operator Incentives have been published. Consultation closed on 19th December 2008, and if you wish to discuss any issues, please contact either:

so_incentive@ofgem.gov.uk or so_incentives@uk.ngrid.com

8. Gemini Update

Sandra Simpson presented an update on Gemini.

Sandra introduced Dene Williams, who has taken over from Richard Griffiths. There were no incidents or outages during the reporting period of December 2008.

Sandra gave an update on the disaster recovery testing. Offline testing is scheduled for the end of this month.

9. UNC Modification Proposals

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

Draft Proposals

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

New Proposals

Mod 240 - Promoting Competition in Operating Margins Provision

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9. UNC Modification Proposals (Continued)

Proposals Closed-Out

- Mod 230 - Amendment to QSEC and AMSEC Auction Timetables
- Mod 230A - Amendment to QSEC and AMSEC Auction Timetables
- Mod 233 - Changes to Outstanding Energy Balancing Indebtedness Calculation
- Mod 237 - Disposal of Dynevor Arms LNG Storage Facility
- Mod 239 - Reinstatement of NTS Interruption

Review Proposals

- Mod 217 - Gemini Code Contingency Arrangements
- Mod 221 - Review of Entry Capacity and the Appropriate Allocation of Financial Risk

Proposals with Ofgem

- Mod 116 - Reform of the NTS Offtake Arrangements
- Mod 195/AV - Introduction of Enduring NTS Exit Capacity Arrangements
 - It was decided that following an alteration to the commodity arrangements (these should stay as they are now) that this mod should be reconsulted on.
- Mod 219 - Publication of UK Wholesale Gas Market Liquidity
- Mod 234 - To Correct Drafting Inconsistencies between Sections X and V of the UNC in Respect of User Default and Termination
- Mod 235 - Recovery of Debt and Smearing of Revenues via Energy Balancing Neutrality
- Mod 236 - Amendment to px (TGPP) Limited Network Entry Agreement

Implementation Proposal

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

This can be found:

http://www.nationalgrid.com/uk/Gas/Data/Operational_Summary/

10. Maintenance Notices Update

The maintenance notices update was presented by Andy Malins. Andy explained that all maintenance notifications would be issued by 1st February 2009, and that the draft maintenance programme would be published also by the 1st February 2009:

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

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11. Any Other Business

Operating Margins Tender

Andy Malins explained the Operating Margins Tender which is open until 30th January 2009. If you wish to look at the tender document, please click on the link below:

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

Enduring NTS Exit Capacity Arrangements

Andy Malins gave an update on when the next NTS Exit Capacity Arrangements workshop is (27 January 2009). If you wish to attend, please e-mail:

Exitreform.pmo@uk.ngrid.com

Date of Next Meeting:

11th February 2009 at The Radisson Grafton Hotel