

Gas Transmission Charging Methodologies Forum

Draft Meeting Report: 03 December 2009

This report outlines the key discussions of the thirty seventh Gas TCMF meeting held at Elexon Offices, 350 Euston Road, London NW1 3AW on 3rd December 2009. Supporting material can be found at www.nationalgrid.com/uk/Gas/Charges/TCMF

Attendees

Tim Davis (Chair)	TD	Joint Office
Debra Hawkin	DH	National Grid NTS
Eddie Blackburn	EB	National Grid NTS
Guang Yang	GY	Centrica
John Bradley	JB	Joint Office
James Thomson	JT	Ofgem
Julie Cox	JC	Association of Electricity Producers
Mark Dalton	MD	BG Group
Richard Miller	RM	Ofgem
Rekha Patel	RP	WatersWye
Sofia Fernandez Avendaño	SF	Total
Shelly Rouse	SR	Statoil UK

1. Introduction

TD welcomed attendees to the meeting.

2. Report of Previous Meeting

The meeting report of the forum held on 01 October 2009 was approved.

3. Review of actions

TCM 10/01 Publish the spreadsheet data behind the graphs presented in the shorthaul presentation.

DH confirmed that this data had been published on the National Grid website. **Closed**

TCM 10/02 Establish the impact of recent meter errors on both 2007/8 and 2008/9 unaccounted for gas.

DH confirmed that for both 2007/8 and 2008/9, unaccounted for gas had been affected. Further analysis of this effect is being carried out by National Grid NTS. **Closed**

4. Charging Information

4.1. DADSEC report update

EB outlined how this report could be accessed from the National Grid website post implementation of MIPI phase 2. There were no specific questions.

4.2. Quarterly Report Update – 1 April 2010 Price Change

EB identified the main features of this report. JC asked whether indices either used or potentially used to set charges, such as a steel price index, were included in published documents. DH responded that these are not specifically referenced and she would seek to clarify this, setting out which

indices were considered and the basis of their use. It was agreed that this is particularly relevant to the current shorthaul discussions and National Grid NTS undertook to clarify this in the forthcoming discussion document.

TCM 12/01: Clarify which indices are used or potentially used to set charges, and the basis of indexation.

4.3. 5 Year SO & TO revenue forecast report

EB outlined how this report could be accessed from the National Grid and Joint Office websites. There were no specific questions.

5. Update on Recent Pricing Discussion and Consultation Papers

5.1. GCM15 – User Commitment and Entry Capacity Cancellation Fees

As the decision on Modification Proposal 0246 and its alternatives is unlikely to be made prior to January 2010, the proposed cancellation fees would not become effective prior to the 2010 QSEC Auction. National Grid NTS had not, therefore, formally submitted a consultation report to Ofgem. EB undertook to discuss with Ofgem whether they would have any concerns if a draft report was published in order to give visibility to the industry.

TCM 12/02: Consider and discuss with Ofgem publication of the GCM15 consultation report.

5.2 GCM18 – NTS Entry Capacity Retention Charges

The report has been submitted to Ofgem. A decision is awaited on this and the associated Modification Proposal 0265 and Substitution Methodology.

6. Optional “Shorthaul” Commodity Charging

Responses to discussion paper GCD07 are due by 11 December 2009. National Grid NTS was reluctant to express a preference, at this stage, amongst the options described. EB then set out the rationale for it being classified as a SO charge.

JC asked about the stability of cost components. EB responded that this had been affected by recent measurement errors. JC identified the effect of changes in the deemed interruption arrangements as a cause of instability. She was concerned that uncertainty about the shorthaul tariff and its components might prompt decisions to bypass the NTS. DH responded that it was this kind of consideration National Grid NTS hoped to see in responses to the discussion paper so that it could be considered.

There was then some discussion on the options and EB pointed out that National Grid NTS intended to reduce the number before moving to a formal consultation paper. DH expressed a particular interest in establishing why certain shippers may consider bypassing the NTS and which of the options made this more or less likely. DH expressed the view that no current sites claiming shorthaul were likely to be excluded in future and there shouldn't be a concern in respect of whether the Exit Point is the other side of a compressor from the ASEP.

7. Charging Governance Review

EB gave an update on the status of this. He explained that he was presenting National Grid NTS's interpretation of the licence drafting.

On Option 2, there were some questions on the role of the pricing forum; for example would it take ownership of the Modification or would it still belong to the Proposer? EB suggested that a number of the undefined areas could be dealt with in the procedures, although some greater clarity in the licence drafting would be welcome.

On Option 3, JC pointed out that, contrary to the overhead, changes in the final proposal could be varied, with different rules applying to material and non-material changes. This was acknowledged. RM clarified that, with Option 2, Ofgem would have power to veto the Proposal, not the Transporter's recommendation.

8. Any Other Business

EB gave an update on the Entry Charging Review meetings that had taken place. The next meeting would take place at 10.30 am on 16th December 2009 at Ofgem's Offices, 9 Millbank, London, SW1P 3GE.

It was confirmed that the next meeting of the TCMF would take place at Elexon's Offices, 350 Euston Road, London NW1 3AW on Thursday 4th February 2010.

Action Log – Transmission Charging Methodology Forum 03 December 2009

Action Ref	Meeting Date(s)	Minute Ref	Action	Owner	Status Update
TCM 10/01	01/10/09	6	Publish the spreadsheet data behind the graphs presented in the shorthaul presentation.	National Grid NTS (DH)	This had been published Closed
TCM 10/02	01/10/09	6	Establish the impact of recent meter errors on both 2007/8 and 2008/9 unaccounted for gas	National Grid NTS (DH)	It was reported that both years were affected Closed
TCM 12/01	03/12/09	4.2	Clarify which indices are used or potentially used to set charges, and the basis of indexation.	National Grid NTS (DH)	
TCM 12/02	03/12/09	5.1	Consider and discuss with Ofgem publication of the GCM15 consultation report.	National Grid NTS (EB)	