

# Gas Operational Forum

**18th March 2009 - Radisson Grafton**

## Agenda

1. Introduction
2. Matters Arising
3. SMPS Compliance Reporting
4. Operational Overview
5. Maintenance Notices Update
6. APX Gas UK Update
7. Ofgem Update
8. Gemini Update
9. UNC Modification Proposals
10. Exercise Prelude Report Overview
11. SOMSA Exit Progress
12. Any Other Business

Jenny Phillips	National Grid	Joel Viala	Glencore Energy UK Ltd
Nolan Robertson	National Grid	John Bradley	Joint Office
Sarah Magee	National Grid	John Fitzpatrick	GMSL
Nav Dosanjh	National Grid	John Galbraith	Scottish Power
Alessandro Rubino	Ofgem	Jonathan Law	Nexen Energy Marketing
Brian Stoneman	Northern Gas Networks	Lars Born	ExxonMobil
Catherine Fay	Total Gas and Power Ltd	Mandy Jericevich	BG International
Colin Lyle	GMI Ltd	Mel Wilson	Drax
Colin Saward	GMSL	Michael Doherty	Centrica
David Keily	EDF Energy	Mike Maddox	Centrica
Dene Williams	Xoserve	Morten Jeppesen	Dong Energy
Elizabeth Casey	Citigroup Global Markets	Phil Gilbert	DNCC
Euan Chisholm	Scottish Power	Richard Norris	Hess Energy Power & Gas Co. Ltd
Gareth Roberts	Macquarie Bank Ltd	Scott Keen	Intergen
Guy Hannay - Wilson	Chevron	Simon Grayson	EON UK
Imran Chaudry	APX Group	Stuart Wing	Shell Energy Trading Ltd.
James Cornfield	RWE	Therese Simberg	APX Group
Janet Fletcher	KST	Xavier Jacques	Essent
James Crump	Ofgem		

# Gas Operational Forum Presenters

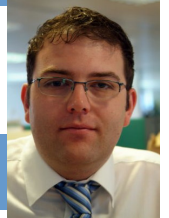
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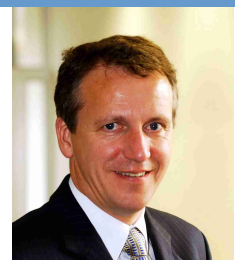
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# Gas Operational Forum Minutes

## 1. Introduction

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

## 2. Matters Arising

There were no matters arising from the previous meeting in February 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 February 2009 was presented by Nolan Robertson.

There were 42 actions in total during February 2009. This was slightly lower than last year. There were 4 buy actions and 38 sell actions. There were no material or non-material breaches.

## 4. Operational Overview

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

### Weather

- An early February cold snap was followed by seasonally warm weather throughout the end of February and the beginning of March, with CWVs at levels above the seasonal normal levels and approaching seasonally warm conditions.
- There was below average Sunshine during February 2009 – it was the dullest February since 1998 in some areas and 1995 in others.
- The start of March saw warm and dry “Spring like” conditions before taking a turn for the worse.

### Demand

- The milder weather from the middle of February onwards resulted in a fall away in NDM Demand.

## 4. Operational Overview (Continued)

- The IUK Interconnector again became a net Demand to the NTS during the mid-late February period.
- There was a large variation in Demand throughout February, with a swing of 114 mcm in 19 days (from a maximum of 415 mcm to a minimum of 301 mcm).

### **Supply and Storage**

- With steady flows from UKCS, Norway, LNG Imports and BBL but reduced withdrawals from Long Range Storage, the Supply pattern was consistent with expectations.
- Notable Storage Injections at Medium Range Storage sites have pushed stock levels at this Storage Type close to levels seen at the same time last year.

### **Market and Prices**

- System Prices have decreased steadily, with the SAP price going below 30p/th on 28/02/2009.
- National Grid were again a net seller during February, as was the case last year, although this year the volumes were higher when compared to last year .

## 5. Maintenance Notices Update

The maintenance notices update was presented by Nolan Robertson.

Last month Graham Harvey provided a briefing on the 2009 Summer Maintenance Programme. The final maintenance programme will be published by the 1st April 2009.

The draft plan can be found on the below link:

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

No questions were raised at the forum for Nolan regarding maintenance notices. If there are any questions you wish to raise please direct them to Nav Dosanjh at [Gasoperations.Shipperliaison@uk.ngrid.com](mailto:Gasoperations.Shipperliaison@uk.ngrid.com)

## 6. APX Gas UK Update

The APX Gas UK Update was presented by Therese Simberg. A total of 322 therms were traded in January 2009. The highest volume was on the 10th January and the lowest on the 5th January. The average daily volume traded in January 2009 was 12 m therms.

February 2009 volumes were even better. The average daily volume traded in February was just under 15 m therms. The highest volume was on the 15th. National Grid held just under 7% of the share of total volume of trades.

This year has seen an increase of trades over the last 6 months in comparison to last year. Volumes have also increased slightly every month since September.

Therese explained that the NBP Market Relaunch was on the 11th March 2009.

Questions raised:

**Colin Lyle - GMI Ltd.**

Q - Can you explain why APX is switching from net nominations to gross nominations?

A - Members have indicated to APX that they prefer not to net positions and instead make a full acquiring nomination and a full disposing nomination at the end of the trading day.

Q - You used to include a diagram in your presentation relating to the number of participants which used to be about 50, is this still the case? How many Members were actively trading in Jan and Feb 09?

A - Out of all APX Gas UK Members in January there were a total of 58 active Members and in February we had 57 active Members.

## 7. Ofgem Update

James Crump presented an update from Ofgem.

James explained that the Offtake reform consultation will be closing on 31 March.

The Operational Buy-Back consultation closes on 25 March, and all responses are welcome as soon as possible.

Ofgem published the Initial Proposals for Gas SO Incentives on 27 February 2009. Consultation responses requested by 27 March 2009.

SO incentive details available on the below link:

<http://www.nationalgrid.com/uk/Gas/soincentives>

## 8. Gemini Update

Dene Williams presented an update on Gemini.

There were no incidents or outages during the reporting period of February 2009, which is the fourth consecutive month of no incidents. However, there were a few batch performance issues.

Dene gave an update on the Disaster Recovery Testing. The post offline test review has now been concluded with further plan testing scheduled throughout March. This will result in a service outage on the 18th and 19th April. ANS will be used to provide updates.

## 9. UNC Modification Proposals

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

### New Proposals

Mod 243 - Amendments to the process for initialisation of Enduring NTS Exit (Flat) Capacity at the Mof-fat NTS Exit Point

Mod 243 - Delaying the implementation of the Ad-hoc application principle of the enduring offtake arrangements

Mod 246 - Quarterly NTS Entry Capacity User Commitment

### Proposal Closed-Out

Mod 233 - Changes to Outstanding Energy Balancing Indebtedness Calculation

### Proposals with Ofgem

Mod 230 - Amendment to QSEC and AMSEC Auction Timetables

Mod 230AV - Amendment to QSEC and AMSEC Auction Timetables

Mod 239 - Reinstatement of NTS Interruption

Mod 241 - Delaying the implementation of the Ad-hoc application principle of the enduring offtake arrangements

### Review Proposals

Mod 217 - Gemini Code Contingency Arrangements

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

### Implementation Proposal

Mod 219 - Publication of UK Wholesale Gas Market Liquidity Data

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

Mod 237 - Disposal of Dynevor Arms LNG Storage Facility

Mod 240 - Promoting Competition in Operating Margins Provision

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## 10. Exercise Prelude

Jenny Phillips presented on Exercise Prelude which ran in November.

Full results of Exercise Prelude are now available on the HSE website on the following link:

<http://www.hse.gov.uk/gas/supply/information.htm>

Actions from Exercise Prelude include working with Transporters to improve communication with Shippers and establishing best practise from other Control rooms and implementing throughout. Also, working with Shippers to improve the provision of emergency contact details and improving methods of communication and information provision.

## 11. SOMSA Exit Progress

Phil Gilbert and Brain Stoneman presented on SOMSA Exit progress.

When National Grid sold four Gas Distribution Networks (DN) to Scotia Gas Networks (SGN), Northern Gas Networks (NGN), and Wales and West Utilities (WWU) it entered into a System Operator Managed Services Agreement (SOMSA) with each DN. This agreement will expire when each DN has acquired the capability to take over its own System Control function.

Control of SGN's Networks was handed over in October 2008 and National Grid is preparing to hand over System Control to NGN and WWU later this year.

Overall processes remain the same, only change will be the interface you are dealing with. Each Shipper will communicate with one contact from each Control centre and a nominated single point of contact from each Shipper organisation is required to communicate information to. Details of nominated contact to be provided to:

somsapmo@northerngas.co.uk (NGN)

John.poole@wwutilities.co.uk (WWU)

Important to note that the 24 hour gas emergency number still remains the same - **0800 111 999**.

## 11. Any Other Business

No issues/topics raised.

**Date of Next Meeting:**

**15th April 2009 at The Radisson Grafton Hotel**