Clarification of the ECQ Calculation and P70 Processes

At the Uniform Network Code (UNC) Transmission Workstream meeting on Thursday 3rd November National Grid NTS were asked to consider providing a briefing note in relation to the ECQ Calculation process and the notification of demand side curtailment and the impact of this notification on the Emergency Curtailment Quantity (ECQ) calculation. This briefing note has been developed and agreed by all relevant Transporters.

1. Background

UNC Modification Proposal 0044 introduced a process that assigns the quantities of gas associated with Emergency Curtailment actions undertaken by Transporters in a Gas Deficit Emergency (GDE) (including a Potential GDE) as a Trade Nomination between Transco NTS, as residual system balancer, and each User. Emergency Curtailment covers an instruction from the relevant Transporter, under the direction of the Network Emergency Co-ordinator, instructing the reduction or discontinuance of the offtake of gas at any relevant System Exit Point.

Emergency Curtailment Quantity means, in respect of a User, the sum of the aggregate quantities of gas (in kWh) which each Transporter reasonably estimates (based on the information available to it at the time of making such estimate) that User would have offtaken from the relevant Transporter's System at System Exit Points in respect of which Emergency Curtailment has occurred but for the fact that Emergency Curtailment had occurred at those System Exit Points. For each User, the Emergency Curtailment Quantity would be calculated as the aggregate quantity of Emergency Curtailment occurring as a result of a potential or actual GDE at the relevant System Exit Points less any quantity of User commercial "interruption" at the same System Exit Points notified to the relevant Transporters prior to the Emergency Curtailment occurring.

2. ECQ Calculation Process

2.1 *NTS*

The following will apply for both Firm and Interruptible NTS System Exit Points. National Grid NTS will use OPN information and the curtailment start time to estimate the ECQ component for a System Exit Point where an operationally validated OPN is available. When an operationally validated OPN is not available, historical allocation data will be used based on the process described in the ECQ Uniform Calculation Methodology statement. When neither an operationally validated OPN nor historical allocation data is

available, scaled SOQ data will be used based on the process described in the ECQ Uniform Calculation Methodology statement.

2.2 *Distribution Networks*

In accordance with UNC obligations and the ECQ Uniform Calculation Methodology statement issued by Transporters, interim arrangements have had to be developed by DNs to allow them to calculate ECQs. For LDZ interruptible System Exit Points, DNs will initially calculate the ECQ using the estimation method 4 (scaled SOQs) as set out in the Methodology statement. For LDZ Daily Metered Firm System Exit Points, ECQs will be calculated using estimation method 3 (SOQs).

A full system solution is being developed by DNs to support the full range of estimation methods set out in the ECQ Uniform Calculation Methodology statement and is anticipated to be implemented in January 2006. Once implemented, DNs envisage that for the majority of LDZ System Exit Points the ECQ would be calculated using historical allocation data (starting with D-7) as described in the ECQ Uniform Calculation Methodology statement.

3. Transporter Notification of Emergency Curtailment

Transporters will issue Emergency Curtailment notices when required to sufficient sites to achieve the anticipated required demand reduction on the first day of a GDE or potential GDE. If the Emergency degenerates then further demand reduction may be required and further Curtailment notices may be issued to additional System Exit Points not previously affected. On subsequent days, there is no UNC obligation to notify Users that Emergency Curtailment is still in effect but, where possible, Transporters will seek to inform Users when Emergency Curtailment continues to be in effect at a System Exit Point on subsequent days of an emergency. Curtailment restoration notices will be issued when it is safe to restart offtaking gas. The end of the Emergency will be notified by the NEC to Users, via Transporters, only after all Emergency Curtailment restoration notices have been issued. Such restoration notice, for an NGSE involving market suspension will be issued on or before 10.00 on the Gas Day before the Day of restoration.

4. Notification of Shipper Interruption

The UNC currently includes the requirement (Section G 6.6.5, 6.6.6 & 1.20) for Users to notify the relevant Transporter where the User “exercises ….any entitlement to require the consumer to discontinue consuming gas offtaken from the Total System on a Day; or …having exercised such an entitlement, authorises the consumer to resume such consumption.” This requirement relates to both Firm and Interruptible Supply Points. Users can meet the

above requirement through the provision to the Transporter of a P70 form. For the avoidance of doubt, a P70 should not be issued by a User, exercising a contractual entitlement to require the consumer to discontinue consuming gas as a result of a Transporter issuing an Emergency Curtailment notice under instruction from the NEC (i.e. when the User is simply passing on the Transporters Emergency Curtailment instruction to the end consumer).

4.1 *How will P70 forms be sent and received?*

P70 and P71 forms for Interruptible and Firm supply points are available to Shippers on the Xoserve Xtranet website. P70 forms are for notifying that commercial interruption has started. P71 forms are for notifying the end of commercial interruption. Both P70 and P71 forms can be sent via facsimile or IX to the relevant gas control centre.

4.2 *When will P70 forms be valid?*

The 1st October 2005 ECQ Methodology statement, as agreed by all Transporters, states “If a Supply Point was subject to an operationally validated P70 notification, prior to the time of the Curtailment notice sent under the powers of the NEC, then the ECQ component will be set to zero.”

Prior to a curtailment notice being sent, a User will not know in advance whether or not Emergency Curtailment will apply at a Supply Point covered by a P70 and hence the volume that would otherwise have been offtaken at that Supply Point, but for Emergency Curtailment applying, is zero. On subsequent days, a User will not know before the time that Transporters re-assess demand and curtailment requirements whether or not Emergency Curtailment will continue to apply at a Supply Point covered by a P70 and hence the volume that would otherwise have been offtaken at that Supply Point, but for Emergency Curtailment applying, is zero.

4.2.1 Curtailment Initiated on Day 1 of an Emergency

On day 1 of a GDE or Potential GDE, P70 notices will be taken into account if they are received before the relevant Curtailment notice has been issued.

On subsequent days of a GDE or Potential GDE, the Transporters will endeavour to assess the next day’s Emergency Interruption requirements in a timeframe that allows UNC type notice periods to be provided to Users. Transporters would anticipate issuing curtailment notices to Users following the post midnight D-1 demand forecast and therefore, in accordance with the current methodology, the Transporters would anticipate that P70 notices will be taken into account if they are received before 00:00 on D-1 (i.e. six hours before the start of the relevant Gas Day).

Note - A GDE is in place until revoked. This revocation must take place by 10am on D-1 and therefore provides 14 hours for Users to assess and submit the subsequent day’s P70.

The last demand forecast available before the start of the gas day is generated after the 23:30 weather forecast is received on D-1 and published no later than 02:00. It is expected that the NEC will use this demand forecast, coupled with information received regarding available supplies, as the basis

for the final day-ahead assessment of demand reduction requirements and any consequential requirement for Emergency Curtailment.

4.2.2 Curtailment Initiated on Subsequent Days of an Emergency

On subsequent days of a GDE or Potential GDE, P70 notices will be taken into account if they are received before the relevant Curtailment notice has been issued for sites that are not already subject to a Curtailment notice.

4.3 *Is a separate declaration required for each day?*

A separate P70 is not required for each day. P70 forms are used to notify the relevant Transporter of the start of commercial interruption and P71 forms are used to notify the end of commercial interruption. The ECQ process will be carried out for each day on which Emergency Curtailment has been actioned taking into account relevant P70s.

5. Post Event Information Provision

As soon as reasonably practicable after the end of a Day on which Emergency Curtailment occurred (and in event, not later than 20:00 hours on 4th Day after the Day in question), each Transporter will notify each User of the proportion of that User's Emergency Curtailment Quantity for that Day that relates to System Exit Points on that Transporter's System, together with the calculation method.

5.1 *NTS Information*

It is the intention of NTS to provide the method used to calculate the ECQ component on a site specific basis to the relevant Users after the end of a Day on which Emergency Curtailment occurred and not later than 20:00 hours on 4th Day after the Day in question.

6. Claims Process

Where a User believes that its Emergency Curtailment Quantity has been incorrectly calculated, a claims process may be initiated. The User would submit to National Grid NTS a claim, together with details of the basis on which it believes it ought to have had a different ECQ. These details should include supporting evidence in regard to any suggested revised ECQ component. Grounds for a claim might include, for example, (although would not be limited to), incorrect allocation of a Supply Point to a User, incorrect allocation or SOQ data and justification for the selection of a more appropriate estimate from the ECQ Uniform Calculation Methodology.