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6th January 2006

Your Reference UNC0054/54a

Dear Julian,

Representation For UNC Modification Proposals 0054 & 0054a "Emergency Curtailment Quantity (ECQ) Methodology Statement" & "Modification to Codify Emergency Curtailment Quantity (ECQ) Methodology "

Thank you for your invitation seeking representations with respect to the above Modification Proposals.

National Grid NTS, as Proposer, continues to support implementation of Modification Proposal UNC0054 for the reasons stated within the Proposal and does not support the implementation of Modification Proposal 0054a.

We note that the UNC defines the quantity of the ECQ as a reasonable estimate of the volume of gas that would otherwise have been offtaken but for curtailment occurring. We support this definition. The justification is that, had curtailment not occurred, a User's imbalance would have included an exit allocation for each affected site. The intent of modification UNC0044, which introduced the ECQ trade, was to keep Users imbalances unaffected by Emergency Curtailment and hence the ECQ, should be the closest approximation to what would otherwise have been offtaken, and hence allocated, on each day of an Emergency.

We also note the structure of the methodology defined within 0054a to be a defined hierarchy starting with Offtake Profile Notices (OPNS) then Nominations then allocations and finally SOQs. Within this defined hierarchy there does not appear to be any test to ascertain whether each step represents a reasonable estimate of the volume that would otherwise have been offtaken before moving on to the next step, we don't consider this limitation to be consistent with the original intent of modification UNC0044.

It is our view that Modification Proposal 0154a provides an ability for Users at those sites that provide OPNs with the facility to avoid the implications of UNC0044 as OPN's on subsequent days of an Emergency can, and might be expected to, be zero. We consider that the implementation of

Modification Proposal 0154a would lead to the provisions of Modification 0044 being effective only on the first day of an emergency for all those sites that provide an OPN. We believe that this situation would therefore establish a discriminatory treatment in favour of such sites compared to non OPN sites.

We continue to believe that the methodology outlined within the ECQ methodology statement remains the most appropriate for estimating the volume of gas that would otherwise have been offtaken. The Transporters have jointly issued a clarification note that outlines how the methodology will be applied and National Grid NTS would be happy to support any changes to the methodology statement that might provide further clarification in regard to the arrangements as a result of a request from any User.

We would wish to assure all Users shipping gas to NTS connected loads that, if commercial interruption is in place for such sites for any day within an Emergency, and such 'interruption' has been notified to National Grid NTS by a P70 notice, then the ECQ component for these sites will be set to zero. For NTS sites where OPN's are received and no commercial interruption is in place, the OPNs will be used when received prior to curtailment to estimate the ECQ component for the site; for subsequent days historical allocations will be used unless a P70 is received. It should be noted that OPNs and Nominations represent a volume that is intended to be offtaken and not a volume that would otherwise have been offtaken had curtailment not occurred and hence zero OPNs or Nominations post curtailment are merely confirming that curtailment is in effect and do not represent a reasonable estimate of the ECQ.

### **Relevant Objectives**

We continue to believe that implementation of Proposal 0054 would further the relevant objectives set out in Standard Special Condition A11 by ensuring that all Transporters meet their UNC obligations in regard to the calculation of their components of the ECQ in a consistent manner and would improve the efficient operation of the ECQ Process by increasing clarity.

We believe that implementation of this proposal would better facilitate the following relevant objectives, over and above the alternate proposal:

- (a) "the efficient and economic operation of the pipeline system..." through ensuring that transporters can set the ECQ as a reasonable estimate of the quantity gas, which might otherwise have been offtaken, had curtailment not occurred, thus enabling National Grid NTS to better carry out its residual system balancing role in an emergency.
- (b) "...the coordinated, efficient and economical operation of (i) the combined pipeline system and/or (ii) the pipeline system of one or more other relevant gas transporters," through ensuring a consistent and coordinated approach for all transporters to calculate a User's ECQ representing a reasonable estimate of the quantity gas, which might otherwise have been offtaken, to better enable each Transporter to manage its system in the event of a Gas Deficit Emergency (GDE).
- (d) "...the securing of effective competition between relevant shippers and between relevant suppliers....", through ensuring the ECQ calculation process represents a reasonable estimate of the quantity gas, which might otherwise have been offtaken, had curtailment not occurred for every Supply Point of each shipper/supplier.
- (e) "...the provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security...are satisfied", through ensuring a reasonable approach to estimating the ECQ.

(f) "...the promotion of efficiency in the implementation and administration of the network code and or the uniform network code" through ensuring that those methodologies that have significant commercial impacts on Users are subject to appropriate code governance procedures."

National Grid NTS does not oppose the underlying concept behind 0154a of incorporating an ECQ calculation process within the UNC but would only support such a Proposal were it to represent a reasonable, and non-discriminatory, estimate of the volume that would otherwise have been offtaken but for curtailment occurring.

Yours Sincerely,

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National Grid – NTS