

**Work Programme**  
**UNC Modification Reference Number 0166**  
**Review of necessary reform of NTS Offtake Arrangements**  
**Session 4 Questionnaire – Interruption Product**

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Stakeholder Group (if any): Storage operator

**Objectives of NTS Interruption Arrangements**

- 1 What should be the main objectives of the NTS Interruption regime?
  - (a) To provide access without requiring NG NTS to invest in the system.  
*Yes*
  - (b) To provide NG NTS with a tool to manage constraints on the NTS.  
*Yes*
  - (c) To facilitate of the sale of spare NTS capacity.  
*Yes*
  - (d) To seek to maximise use of NTS capacity.  
*Yes*
  - (e) To facilitate competition within GB and trade between EU member states through spot shipping and supply.  
*Yes*
  - (f) To be compliant with all laws and regulations relevant to such services.  
*Yes*
  - (g) Other (please state): \_\_\_\_\_

- 2 To what extent do the current NTS interruption arrangements meet these objectives?  
*CSL believes the current arrangements meet the objectives well.*

**Products Available**

- 3 Which of the following interruptible/buy-back products do you believe should be available? (more than one may be selected)
  - (a) A general entitlement to interruptible capacity based on zero or discounted capacity charges.  
*Yes*
  - (b) Use it or Lose It (UIOLI) rights based upon take-up of Firm Capacity over a previous period.  
*Yes*

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- (c) Long term Buy-back Contracts where National Grid NTS would otherwise require investment.

*Yes, provided that this is more efficient than investment in the network*

- (d) Short term buy-back arrangements where National Grid NTS would otherwise require investment.

*Yes, provided that this is more efficient than investment in the network*

- (e) Transitional Interruptible arrangements whilst firm capacity is being built on the NTS to support an application by that User

*Yes*

### **General Entitlement Interruptible Service**

- 4 Do you believe that NTS offtakes should have a right to opt for access on an interruptible basis?

*Yes*

- 5 If yes do you consider this should apply to particular classes of user (such as storage, interconnector users and 'back-up supplies')

*All users should have the option. Consideration should be given to the argument that storage sites are likely to be producing gas at peak demand times, benefiting the system by reducing strains on the network.*

- 6 If so, should the capacity be available?

- (a) At zero or discounted capacity rate – and if so what rate.

*Zero charge*

- (b) As a discount on another charge eg TO Commodity Charge and if so outline basis.

*No*

- (c) At a single rate associated with a standard maximum days of interruption.

*This would be a suitable alternative where interruptible users are receiving a firm service.*

- (d) At rates associated with maximum days – if so outline structure.

- 7 It has been suggested that some interruptible users are effectively firm because of the infrequency of interruption. Do you agree with this statement?

*No. The capacity which is being used is spare. If the capacity is needed for another offtake, then the user can expect to be interrupted and must be prepared for this.*

- 8 Can a 'general entitlement' interruptible service be defined in such a way as to ensure interruptible users do not receive a firm service at a discounted price? Please state any suggestions:

*Potentially if it considers the likelihood of interruption and considers user behaviour on high demand days.*

- 9 Can a 'general entitlement' interruptible service act as an effective UIOLI anti-hording mechanism.

**Questions 10 to 19 are typically associated with a 'universal firm' regime.**

**UIOLI**

- 10 Which of the following principles do you accept for release of capacity under UIOLI?

(a) Availability based upon 30 Day rolling average of Firm Capacity Usage

*No*

(b) Availability at 15.00 D-1

*No*

(c) Additional National Grid NTS discretionary release up to baseline.

*No*

(d) Additional National Grid NTS discretionary release up to and exceeding baseline.

*No*

(e) Either(c) or (d) but with rules on National Grid NTS release – If so outline rules:

*No*

(f) Right of National Grid NTS to curtail Interruptible flows prior to activating any other constraint management measure.

*Yes*

- 11 What governance processes should be in place to ensure?

(a) Fairness of terms

*Terms set out in UNC*

(b) Equitability of terms

*See 11a*

(c) Transparency of price and take-up

*See 11a*

**Long Term Buy-back Arrangements**

- 12 Should Long Term Buy-back Contracts be available?

(a) For cases where National Grid NTS would consequentially avoid investment on the NTS.

*Potentially where it would be more efficient than the required investment and where the current system is insufficient to manage the constraints.*

(b) For constraint management reasons associated with maintenance or breakdown.

*Short-term arrangements would be more suitable*

(c) For other reasons – state criteria.

13 Should the structure of these Buy-back Contracts be option/exercise price?

(a) If so, how should the following be derived?

(i) Option Price

(ii) Exercise Price

(b) If not, what structure should apply

14 What governance processes should be in place to ensure?

(a) Fairness of terms

*Non-discrimination through inclusion in the UNC.*

(b) Equitability of terms

*See 14a*

(c) Transparency of price and take-up

*See 14a*

### **Short Term Buy-Back Arrangements**

15 Should Short Term Buy-Back Arrangements be available?

(a) To address short term constraints due to maintenance or failure

Probably suitable

(b) For cases where National Grid NTS would consequentially avoid investment on the NTS.

(i) In respect of DN Offtakes where a 1 in 20 obligation exists

*No*

(ii) In respect of NTS Supply Points where no such obligation exists.

*Perhaps if more efficient than investment, and with proper transparency.*

16 Should Buy-Back Arrangements be exercised by National Grid NTS?

(a) Through pay as bid Auctions - if not indicate other mechanism.

*Yes*

(b) After 15.00 D-1 – if not indicate suggested time criteria.

*Yes*

17 What governance processes should be in place to ensure?

(a) Fairness of terms

*Non-discrimination through inclusion in the UNC.*

(b) Equitability of terms

*Non-discrimination through inclusion in the UNC.*

(c) Transparency of price and take-up

*Non-discrimination through inclusion in the UNC.*

### **Transitional Arrangements**

18 Do you believe that a User applying for Firm Capacity should be entitled to interruptible capacity to cover the intervening period, if National Grid cannot provide firm capacity immediately?

*Yes*

19 If so, should the capacity be available?

(a) At zero or discounted capacity rate – and if so what rate.

*Yes, as current.*

(b) As a discount on another charge eg TO Commodity Charge and if so outline basis.

*See 6b*

(c) At a single rate associated with a standard maximum days of interruption.

*See 6c*

(d) At rates associated with maximum days – if so outline structure.

### **Other Terms -Failure to Interrupt**

20 In addition to any overrun charges that apply, do you believe that Failure to Interrupt charges should apply?

*Yes*

(a) If so, what charging structure and rate would you suggest?

*Current arrangements are suitable.*

21 Do you believe that National Grid NTS should have the right to request test interruption when it has reason to believe that the User is unable to comply with an interruption request?

*Yes*

(a) If so, what rules should apply?

*As per current arrangements*