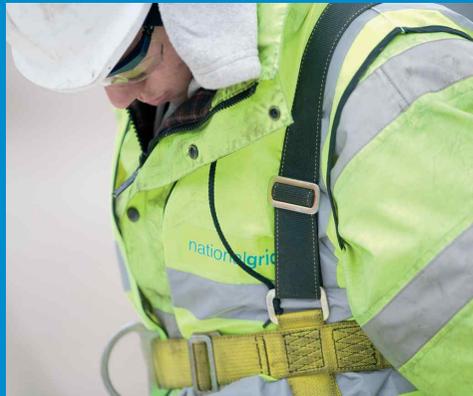


Linepack Product - Strawman



Review Group 291

Background

- Review Group 291 discussed various options for a Linepack Product on 19th July 2010
- No outright preferred option, consensus was Option 2 might meet C27 requirements
 - Option 2 – EOD Linepack single release, late in the day
- NGG NTS agreed to draft a strawman for Option 2
- To facilitate potential development of Linepack Product we have taken opportunity to enhance Option 2 from single to multiple release
- Release of Linepack Product remains discretionary

Key Measures

- Relevant Objectives:
 - Better facilitates competition
 - Efficient and economic operation of the system
- Benefits outweigh the costs
- Commercial opportunity / viability
- Does not undermine NBP or storage markets
- No adverse impact on:
 - Physical Linepack and other flexibility utilisation
 - NGG NTS Residual Balancing Role
- Environmental considerations
- Meets C27 Linepack Product obligations
- No material change to the Safety Case

Strawman - high level business rules

- Park and Loan (inter-day transfer) ✓
- Linepack Product to be released as a discretionary quantity ✓
- Firm product (when released) made available within day ✓
- Multiple releases within day ✓
- Timing of release – to be defined timetable within UNC ✓
- Linepack transaction to be effected as NBP trade ✓
- NGG NTS is the counter-party to all LP transactions ✓
- NGG NTS will have a Linepack Manager account ✓
- Users to submit Linepack bids/offers (price/quantity) ✓
- Market mechanism – Gemini ‘bulletin board’ ?

Next Steps

- Define/agree detailed business rules for C27 Linepack Product
 - (through additional RG291 meetings during October and November?)
- Draft Modification Proposal
- Upon agreement of Linepack business rules:
 - Submit Change Order to xoserve to obtain IS timescales/costs (October/November 2010 tbc)
- Finalise & submit draft Modification Proposal once xoserve *firm* timescales and costs have been received (December/January tbc)