

Stage 03: Draft Modification Report

0407:

Standardisation of notice periods for offtake rate changes for all National Grid NTS Exit Users

This modification aims to standardise the contractual clauses that govern the different categories of User defined in the Offtake Arrangement Document (OAD), which vary offtake rates with National Grid NTS.



Responses invited by **dd month** 2012.



High Impact: National Grid NTS, Gas Distribution Networks, Shippers, and large embedded Consumers



Medium Impact: -



Low Impact: -

At what stage is this document in the process?



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About this document:

This document is a Draft Modification Report, which was issued for consultation responses, at the request of the Panel on 21 June 2012.

The close-out date for responses is **xx month 2012**.

The Panel will consider the responses and agree whether or not this modification should be made.



3 **Any questions?**

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

Why Change?

This modification seeks to facilitate standard treatment for all Users with regard to the treatment of notice periods for offtake rate changes for all National Grid NTS Exit Users.

Currently, the aggregate offtake level for each LDZ is allowed to vary from planned hourly offtake rates by up to 5% and the relevant Gas Distribution Network (GDN) must provide a minimum of 2 hours' notice for any aggregate LDZ offtake rate change. This is commonly referred to as the '2 hour 5% rule'.

This requirement may necessitate the GDNs having to invest in and/or utilise their LDZ storage capability to accommodate a customer's rate of offtake change, to remain within the relevant LDZ's '2 hour 5% rule' tolerance. Directly connected NTS Users do not have to comply with this rule.

GDNs have embedded VLDMCs which are not governed by this rule (Transco legacy NEXAs) as well as more recently connected VLDMCs governed by newly agreed NEXAs. The nature of embedded VLDMCs (eg power stations) operations, will typically dictate that they need to change their rates of offtake with less than 2 hours' notice and by more than 5%, which may affect a GDN's ability to comply with its OAD obligations. For example, any power station choosing to react to electricity demands/requirements may be unable to provide 2 hours' notice of such changes, and would in all likelihood seek to alter its offtake rate by more than 5%.

All GDNs have been unable to comply with this 2 hour 5% clause and are therefore keen to ensure (i) they are compliant with the OAD and (ii) offer large sites a NEXA contract that allows similar ramp rate flexibility to that afforded to NTS connectees; and (iii) the total system is utilised most efficiently without unwarranted investment.

The GDNs consider that the different set of rules governing LDZs and NTS Direct Connects in this area should be made consistent by removing the current 2 hour 5% rule which exists in Section I of the OAD and applies to GDNs.

Solution

Wales & West Utilities (WWU) propose that the 2 hour 5% rule be removed from the OAD, and that all Transporters and Users should be governed by a set of consistent OAD, UNC and any NEXA clauses pertaining to offtake rate changes at the NTS.

Impacts and Costs

Some Workgroup participants do not anticipate any additional costs to any User in respect of having to reconfigure networks to cope with the removal of the 2 hour 5%

rule and that it is likely to be less costly for GDNs than to continue with the existing regime.

However, National Grid NTS does not support the above view. As a result of this modification, National Grid NTS would expect to see the effect of demand changes in the GDNs happen more rapidly on the NTS, and which the NTS has not been designed to accommodate. It is therefore currently undertaking analysis to quantify the impact of the modification on the NTS system. Pending the outcome of this independent analysis, National Grid NTS is currently concerned that the modification may result in a requirement to increase the 'design margin' (also known as the 'flow margin') for the NTS in order to accommodate the flow rate changes in excess of the current 2 hour 5% rates as stated in the modification. Should such a requirement materialise then National Grid NTS would expect this to generate NTS investment requirements. Other Workgroup participants (GDNs) did not share this view, believing that in excess of 2,500 gas days since 2005, not one single instance had been identified where deviations from this current rule had presented National Grid NTS with any concerns.

Some Workgroup participants consider that a significant impact of the existing rule is that any new embedded VLDMC in a GDN may be required to comply with the 2 hour 5% rule (they consider that this rule would necessarily form part of a new DN NExA). This is likely to preclude a VLDMC from connecting to the GDN, as it would be unable to comply with this term. The impact of this could be that the proposed VLDMC could then seek to connect directly to the NTS system, where it would not be governed by the 2 hour 5% rule.

National Grid NTS noted that a customer may seek a connection to any of the available networks (either GDNs or NTS) and it is likely to make its choice based on a number of factors including the service available (ie pressure), the costs of the connection process (connecting pipeline, reinforcement, etc) and the ongoing transportation charges. The offtake contract offered to the connecting party should reflect the capabilities of the local system to which the party is seeking to connect and therefore these contracts will vary from customer to customer.

National Grid NTS also noted that GDNs would not necessarily have to impose the 2 hour 5% rule on its embedded VLDMCs. They could offer similar terms to the NTS where either LDZ flexibility was available to support such terms or where the GDN was prepared to offer and construct the flexibility through LDZ reinforcement and/or local storage.

Implementation

While no implementation timescale is proposed, implementation should follow the timescales indicated by the analysis undertaken by Transporters to ensure industry processes and contractual obligations are aligned.

The Case for Change

Some Workgroup participants consider it is necessary to change the Offtake Arrangements Document (OAD) to ensure all Users have equal rights and obligations for NTS rate changes/notice periods. The same Workgroup participants also felt that the current rules provide for an unduly discriminatory two tier approach for certain Users, which could force unnecessary costs and inefficient operational behaviour on

GDNs or (new) embedded VLDMCs, so as to comply with the existing OAD contractual arrangements.

National Grid NTS's view on the discrimination allegations made above (as previously articulated and presented to the Workgroup) is that the current arrangements in the UNC are not unduly discriminatory for the following reasons:

- GDNs do not compete directly with Directly Connected (DC) customers, therefore the different treatment set out in the UNC document does not distort competition in any relevant market.
- There are other differences in the offtake rules that apply to GDNs and DCs (for example, assured pressures and OPN tolerances). National Grid NTS does not regard these as unduly discriminatory between GDNs and DCs for the same reason as above. National Grid NTS would suggest that if the argument used by the proposer in its proposal was applied to these other differences between GDNs and DCs it would appear to suggest that these arrangements are also unduly discriminatory and consistency should be applied.
- Consumers may choose which network they connect to and in doing so should take any differences in service provision and costs into account.
- National Grid NTS considers that the current arrangements can be objectively justified and are therefore not unduly discriminatory.

With reference to the 3rd bullet point above, other Workgroup participants did not accept that the choice of network was readily available. They viewed the geography (and therefore likely connection) to be one of the factors less likely to be in their control.

VLDMCs may be obliged to connect within the location that suits their business needs. Some Workgroup participants consider it is discriminatory that a Shipper (of a VLDMC) connected to an LDZ, is unable to compete on an equal contractual footing with a Shipper (of a VLDMC) connected to the NTS. The operational disciplines required to adhere to more stringent offtake arrangements could significantly affect its output and performance. However, National Grid NTS disagreed with this view on the basis that the customer has the choice on where and to which network they connect and the GDNs have the ability to offer offtake terms similar to those available to NTS Direct Connects subject to either existing system capabilities or to the construction of such flexibility.

The Workgroup considered a number of alternative solutions to that presented above. However, the Proposer did not amend their solution based on these discussions, and no alternative modifications were raised.

Recommendations

All parties are invited to consider whether they wish to submit views regarding this modification.

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2 Why Change?

The current OAD clauses relating to aspects of amending the rate of change of offtake within an LDZ have been subject to a number of debates and analysis within the Offtake Arrangements Workgroup.

Some Workgroup participants consider that whilst this rule remains, any new large customer connecting to the GDN network, (typically a very large daily metered site, ie a VLDMC) would be restricted to rate changes which keep the whole LDZ rate change within the prescribed 5% rate change with a minimum of 2 hours' notice. This rule may constrain the operations of some embedded VLDMCs whose commercial needs will necessarily require them to ramp up or down their offtake of gas considerably in excess of 5% with less than 2 hours' notice. This constraint does not exist for similar size connectees directly linked to the NTS and some Workgroup participants considered the ability to alter the offtake rate needs to be equalised for all Users.

However, National Grid NTS felt that the rule provides a mechanism for sharing the effects of within day GDN demand changes between networks and that it constitutes one of several differences in offtake arrangements between DCs and GDNs that can be objectively justified. Furthermore, National Grid NTS considers that the offtake contract agreed between the relevant Transporter and its customer should reflect the local system capabilities and as such any ramp rates, notice periods, gas pressures, etc will necessarily vary between such contracts. The OAD is effectively the "NExA" agreement put in place with the GDNs at the time of DN Sales in 2005 and the terms in this contract form the basis of the system planning and operational arrangements between the contracting parties. Any change to this contract, especially one related to the ability of the GDN to vary its offtake rate change and notice periods will have an impact on both NTS system planning and NTS daily operation.

Other Workgroup participants did not concur with this statement, pointing to seven years' operation of the Total System with zero impact on NTS daily operations, despite consistent deviations from this 2 hour 5% rule in twelve (12) of the thirteen (13) LDZs.

3 Solution

Remove OAD Section I 2.3.3

Remove the 2 hour 5% contractual term from the Offtake Arrangements Document. This will provide for a level operational and commercial field for all Users and remove any discriminatory approach for certain classification of Users, with respect to the rate of offtake changes allowed.

4 Relevant Objectives

Impact of the modification on the **Relevant Objectives:**

Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Some Workgroup participants identified a positive impact
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	Some Workgroup participants identified a Positive impact
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	Some Workgroup participants identified a Positive impact
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	None
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

Achievement of relevant objective (a) Efficient and economic operation of the pipe-line system

Some Workgroup participants consider there are times when GDNs cannot fully comply to the 2 hour 5% rule due to insufficient LDZ storage and, following a request from the GDN, National Grid NTS may choose to relax the rule. GDNs consider that it would be inefficient and uneconomic to build additional LDZ storage to meet the requirements of the rule, as there is insufficient evidence to prove that National Grid NTS needs to enforce the rule, therefore increasing LDZ storage is not efficient or economic to the operation of the GDN pipeline system.

National Grid NTS does not consider that sufficient evidence has been provided to date on what the relative costs impacts would be for National Grid NTS of removing the rule and/or to various GDNs of retaining it. Until this is known, it is not possible to say whether this modification would enhance this objective. National Grid NTS is

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completing the necessary analysis to establish quantified evidence of the impact on the NTS of implementing the modification and this will be made available to Ofgem when it has been completed.

Achievement of relevant objective (b) Coordinated, efficient and economic operation of:

- (i) the combined pipe-line system, and/or**
- (ii) the pipe-line system of one or more other relevant gas transporters**

Some Workgroup participants were concerned that OAD requirements mean that GDNs need to utilise LDZ storage to accommodate the 2 hour 5% rule. Investment in GDN storage to satisfy this rule is not an efficient or economic use of the DN pipe-line system when there is no evidence to suggest that similar reinforcement is required on the NTS system to accommodate similar flow changes.

National Grid NTS does not consider sufficient evidence has been provided to date on what the relative costs impacts would be for National Grid NTS of removing the rule and/or to various GDNs of retaining it. Until this is known, it is not possible to say whether this modification would enhance this objective. National Grid NTS is completing the necessary analysis to establish quantified evidence of the impact on the NTS of implementing the modification.

National Grid NTS noted that the 2 hour 5% rule was established and agreed at the time of DN Sales and provides one of the key elements feeding into the NTS system planning process. National Grid NTS is concerned that its removal will lead to greater uncertainty and volatility of offtake rate changes at the NTS/GDN boundary which in turn will lead to a reduction in efficient operation of the NTS system.

The GDNs clarified that the rule had existed pre 2005 and had simply migrated at the point of Network Sales.

Achievement of relevant objective (d) Securing of effective competition:

(i) between relevant Shippers

A Shipper with an embedded VLDMC in an LDZ is likely to be obliged to operate to a more onerous set of rules via the NExA agreed with the GDN, compared to a Shipper with a Direct Connect customer connected to the NTS. Some Workgroup participants therefore concluded that removing this clause from the OAD would better facilitate effective competition between Shippers. One participant disagreed with this view as it was possible for individual GDNs to allow connected VLDMCs to operate in the same way as NTS Direct Connects should the GDN choose to provide its own reinforcement and/or storage capability.

5 Impacts and Costs

Consideration of Wider Industry Impacts

National Grid NTS considered that this modification has the potential to limit the flexibility in the offtake of gas that is currently available to NTS Direct Connects. Other Workgroup participants wished to reaffirm that no evidence had been forthcoming to support this potential issue.

Costs

Indicative industry costs – User Pays	
Classification of the modification as User Pays or not and justification for classification	
This is not a User Pays modification as no User Pays service is proposed and implementation does not require a change to central systems.	
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification	
N/A	
Proposed charge(s) for application of Users Pays charges to Shippers	
N/A	
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve	
N/A	

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	<ul style="list-style-type: none">None.

Operational Processes	<ul style="list-style-type: none"> • The consistent approach for all Users should make operational processes consistent for adherence to remaining UNC/OAD/NExA terms. • National Grid NTS considers there would be an impact on NTS system planning and operational processes, which currently expect GDNs to comply with the 2 hour 5% rule. • GDNs disagree there will be any impact on operational processes as experience over the last seven (7) years has not identified any issues or impacts.
User Pays implications	<ul style="list-style-type: none"> • None.

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> • National Grid NTS considers that Users in respect of NTS Direct Connects may experience some limitations to their current operational flexibility. • However, GDNs felt no new evidence has been provided to support this view in changes to processes. • GDNs consider that this modification is likely to have a positive impact on GDN Users by providing an operational level playing field.

Impact on Users

Development, capital and operating costs

- National Grid NTS considers that NTS Shippers may face increased charges if the current analysis being completed by National Grid NTS identifies capital and/or operational changes associated with the implementation of the modification. National Grid NTS will be able to quantify these effects once its analysis has been completed.
- Removing the 2 hour 5% rule should increase the ability of Shippers shipping to large GDN embedded generation to participate in the Electricity balancing regime.
- Removing the 2 hour 5% rule facilitates GDNs to book capacity within day or day ahead and utilise the capacity without delay, ie within 1 hour, not 3 hours.
- National Grid NTS considers that this modification may lead to an increase in the number of its balancing actions and constraint management actions, which would increase Users' charges. Other Workgroup participants argued that, even in the unlikely event that this was the case, this would need to be balanced against the other relevant objectives that this modification satisfied.

Impact on Users	
Contractual risks	<ul style="list-style-type: none"> Shippers with new embedded VLDMCs will have a reduced contractual risk as the existing OAD 2 hour 5% rule will not form part of any new NExA. National Grid NTS is currently concerned that removal of the 2 hour 5% rule at all GDN offtakes will lead to increased offtake volatility and uncertainty at these exit points. Such a change would impact National Grid NTS's ability to predict NTS system conditions in the immediate hours ahead. This in turn will adversely impact the assessment of the provision of un-contractualised offtake flexibility at other NTS connections. Some Workgroup participants consider removal of the 2 hour 5% rule removes potential discrimination in the operation of generation sites embedded in the GDN to meet the requirements of the rule. National Grid NTS disagreed that any such potential discrimination exists for the reasons set out earlier in this Report.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> None identified.



Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

0565 Transco Proposal for Revision of Network Code Standards of Service at the following location:

<http://www.gasgovernance.co.uk/sites/default/files/0565.zip>

Impact on Transporters	
Area of Transporters' business	Potential impact

Impact on Transporters

System operation

- The GDNs consider that this modification will allow them to operate efficiently and economically.
- National Grid NTS considers the removal of the 2 hour 5% rule as proposed will lead to more rapid linepack change from the NTS, and reduced predictability of very near term offtake flows from the NTS. This increase in offtake volatility and decrease in predictability is likely to adversely impact the efficient operation of the NTS system. However, other Workgroup participants did not share this view on offtake volatility, as there are likely to be fewer rate changes over the day.
- This modification aims to improve consistency of operation across all networks.

Development, capital and operating costs

- The GDNs may be able to avoid costs in this area due to the reduced requirement for DN storage utilisation or construction.
- Potentially increased costs for National Grid NTS as it may need to provide additional system reinforcement, increase its bookings of Operating Margins gas and potential increase in capacity constraint costs.
- National Grid NTS is currently completing analysis of the impact of the modification on NTS system planning and operation.

Impact on Transporters

Recovery of costs

- In the event that National Grid NTS' analysis concludes that an increase in the flow margin is required, it would seek to recover any consequential NTS investment and/or increased operational costs by agreement with Ofgem, through changes to related transportation charges.
- The GDNs may avoid DN investment and/or increased operational costs if this modification is implemented.
- However, no additional costs have been identified as a result of this modification to date. National Grid NTS is currently undertaking analysis to identify impacts and any associated costs.

Price regulation

- No known impacts on price regulation; some Workgroup participants consider that any impact would be a benefit through a potential reduction in GDN requirements for DN storage.
- Other Transporters reserved their position until more detailed analysis has been completed.

Impact on Transporters	
Contractual risks	<ul style="list-style-type: none"> The GDNs note that they have been non-compliant with this rule since 2005 and it has not impacted the operation of the network. Some Workgroup participants consider that GDN contractual risks would be reduced because their requirements would be more closely aligned with NTS Direct Connects. Depending on the coordination of the implementation date, contractual risks could increase for National Grid NTS with regard to delivering on pressure obligations and meeting GDN requirements for more flexible offtake of gas.
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> See Contractual risks, above.
Standards of service	<ul style="list-style-type: none"> No impact.

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> None.
UNC Committees	<ul style="list-style-type: none"> None.
General administration	<ul style="list-style-type: none"> None.

Impact on Code	
Code section	Potential impact
OAD Section I	<ul style="list-style-type: none"> Removal of OAD section I 2.3.3 and 2.3.4.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> No impact currently identified.
Network Exit Agreement (Including Connected System Exit Points)(TPD J1.5.4)	<ul style="list-style-type: none"> No impact identified on NTS NExAs.
Storage Connection Agreement (TPD R1.3.1)	<ul style="list-style-type: none"> None
UK Link Manual (TPD U1.4)	<ul style="list-style-type: none"> None
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> None
Network Code Validation Rules (TPD V12)	<ul style="list-style-type: none"> None
ECQ Methodology (TPD V12)	<ul style="list-style-type: none"> None
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> None
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> None
Uniform Network Code Standards of Service (Various)	<ul style="list-style-type: none"> None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> National Grid NTS will consider whether there is an impact on its Safety Case following the conclusion of its current impact analysis.
Gas Transporter Licence	<ul style="list-style-type: none"> None

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> None.
Operation of the Total System	<ul style="list-style-type: none"> Operation of the Total System should recognise that different Users have different offtake rate change needs. Some Workgroup participants consider the net benefit of this modification is that the most economic approach will be provided in respect of operating the Total System. However, it is difficult to identify the most economic approach until all Transporters complete the analysis of the impacts of the modification. National Grid NTS considers a potential impact of the current 'lag' between GDN demand changes and the NTS offtake flow rate change would be shortened by this modification, thus GDN demand forecast changes would be seen more rapidly on the NTS and probably before any associated change in NTS entry flows has been arranged and delivered. This would lead to an increase in unpredictable fluctuations in NTS linepack and pressure levels, which in turn would reduce the efficient operation of the Transmission system.
Industry fragmentation	<ul style="list-style-type: none"> None.
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	<ul style="list-style-type: none"> National Grid NTS considers embedded CCGTs would have greater access to flexible gas than those connected directly to the NTS. However, some Workgroup participants felt historical performance (where GDNs have previously operated outside of the 2 hour 5% rule) would indicate this would not be an issue going forward. National Grid NTS considers this modification may lead to NTS directly connected Consumers having their current un-contracted flexibility reduced as short term NTS/GDN offtake predictability is reduced.

National Grid NTS currently envisages a number of impacts for the NTS system, which it has consistently voiced throughout the Workgroup process both verbally and in presentations to the Workgroup. These impacts are:

- National Grid NTS would expect to see the effect of within day demand changes in the GDN networks affect offtake flows from the NTS more rapidly.

- This more rapid flow change will result in:
 - greater NTS linepack change within day,
 and may result in:
 - more frequent balancing actions and a higher requirement for operating margins gas booking and usage; and
 - greater NTS pressure fluctuations, increasing the potential for system capacity constraints.

However, other Workgroup participants disagreed with these views as no evidence has been provided to prove these points and did not envisage all of these eventualities occurring.

National Grid NTS considers that the current system design and operational planning expectation of relative stability of flows from the NTS into the LDZs encapsulated in the '2 hour 5%' rule would be removed, thus compromising National Grid NTS's ability to accept flow profiles outside the '1 hour 2 hour 4 hour' rule for both GDNs and directly connected Consumers until such time as the impact of the removal of this system design and operational planning parameter has been fully assessed and any necessary capital and operational changes had been made. However, other Workgroup participants disagreed with these views as no evidence has been presented to the Workgroup.

Some Workgroup participants consider the application of the 2hour 5% rule may prevent GDNs from being able to balance and therefore the NTS may be out of balance at the end of day. Other Workgroup participants felt that this may not be the case in all scenarios as a GDN may be out of balance but NTS may be in balance due to delays in entry flow changes to reflect the GDN demand change.

National Grid NTS is currently progressing a piece of analysis to quantify the effects referred to above. Given the large number of NTS offtakes involved in this analysis and the fundamental nature of the change being assessed National Grid NTS does not envisage being able to complete this analysis within the currently anticipated timeframe of the Consultation on this modification.

National Grid NTS notes that the Proposer and DONG Energy made statements during the Workgroup discussions in February that the change set out in the modification was required to accommodate the future offtake needs of power generation loads directly connected to the GDN networks. In its statement to the Workgroup DONG Energy referred to the significant build out of wind energy, which is inherently intermittent in its output. They consider that this therefore creates the need for gas powered plants to ramp up and down and that such incremental changes to gas consumption can be significant in terms of both increases and decreases through the day.

National Grid NTS also notes that according to the Proposer, as set out in their modification, embedded VLDMCs *"needs will necessarily require them to ramp up or down their offtake of gas considerably in excess of 5% with less than 2 hours' notice"*. Given the Proposer's and DONG Energy's stated expectation of a future change in behaviour; National Grid NTS is not convinced that the past seven (7) years GDN performance is relevant to the modification or an accurate guide to future requirements.

Given the above stakeholders' expectations of behavioural change National Grid NTS currently believes there will be an impact on its operational processes because the gas transmission system would need to be able to manage more rapid changes in LDZ demand.

The GDNs felt that the removal of the rule would, conversely, lead to a more stable environment as large loads would be able to move once and then operate at steady state, as opposed to the current stepped ramp rate rule they are obliged to follow.

National Grid NTS acknowledged in the Workgroup discussions that it had not been able to establish a direct link between 2 hour 5% rule excursions and constraint scenarios or balancing actions. However, National Grid NTS considered that this was to be expected because the OPNs were accepted, hence the system was not judged to be at, or approaching its design conditions on those days. Other Workgroup participants believed the discussions had shown there to be zero evidence of any link to any actions referred to above.

6 Implementation

Implementation should follow the timescales indicated by the analysis being undertaken by Transporters, to ensure industry processes and contractual obligations are aligned.

7 The Case for Change

No additional advantages or disadvantages to those identified above.

8 Legal Text

Legal Text

The following Legal Text has been provided by Wales & West Utilities.

Offtake Arrangements Document (OAD)

OAD Section I: NTS Operational Flows

Amend by deleting the paragraphs below

~~2.3.3 Where, pursuant to one or more revised Offtake Profile Notice(s) submitted by a DNO in relation to the Offtake(s) serving one LDZ, there is at any time (T_{RO}) a change in the aggregate rate of offtake:~~

- ~~(a) the time (T_{OPN}) at which such revised Offtake Profile Notice(s) are submitted shall not be less than two hours before time T_{RO} ; and~~
- ~~(b) the aggregate flow rate change, for any time (T_{RO}) of the Day, pursuant to revised Offtake Profile Notices submitted within any one hour (H_{OPN}) of the clock, shall not exceed 5%. [Not Used](#)~~

~~2.3.4 For the purposes of paragraph 2.3.3(b), in relation to any hour (H_{OPN}), the aggregate flow rate change at any time (T_{RO}) is the magnitude of difference between:~~

- ~~(a) the aggregate rate of offtake at time T_{RO} pursuant to the Offtake Profile Notices prevailing at the start of hour H_{OPN} ; and~~
- ~~(b) the aggregate rate of offtake at time T_{RO} pursuant to the Offtake Profile Notices prevailing (pursuant to any revisions thereof within hour H_{OPN}) at the end of hour H_{OPN} ;~~

~~expressed as a percentage of the aggregate rate of offtake at time T_{RO} pursuant to the Offtake Profile Notices prevailing at the start of hour H_{OPN} . [Not Used](#)~~

9 Recommendation



All parties are invited to consider whether they wish to submit views regarding this modification.

Consultation Ends

The close-out date for responses is **dd Month 2012**, which should be sent to enquiries@gasgovernance.co.uk.

On **xx Month** 2012

A response template which you may wish to use is at www.gasgovernance.co.uk/0407