

**CODE MODIFICATION PROPOSAL No. 0054**  
"Emergency Curtailment Quantity (ECQ) Methodology Statement"  
Version 1.0

**Date:** 13/10/2005

**Proposed Implementation Date:**

**Urgency:** Non-Urgent

**Proposer's preferred route through modification procedures and if applicable, justification for Urgency**

(see the criteria at [http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752\\_Urgency\\_Criteria.pdf](http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf))

Having discussed the changes put forward in this proposal at the Transmission Workstream, National Grid NTS seeks the Modification Proposal to proceed direct to consultation in accordance with the modification procedures in Chapter 7.3 of the UNC Modification Rules.

**Nature and Purpose of Proposal (including consequence of non implementation)**

*Defined Terms. Where UNC defined terms are included within this Proposal the terms shall take the meaning as defined within the UNC. Key UNC defined terms are highlighted by an asterisk (\*). This Proposal, as with all Proposals, should be read in conjunction with the prevailing UNC.*

This Proposal seeks to:

Define the Emergency Curtailment Quantity\* (ECQ) Methodology Statement, published via the Joint Office of Gas Transporters on 1st October 2005, as a UNC ancillary document. Define the "ECQ Calculation Methodology" as the methodology from time to time revised by the Transporters (subject to prior approval by Panel Majority of the Uniform Network Code Committee) and issued to Users setting out the processes for the calculation of the ECQ component to be carried out under UNC TPD Section Q 6. All subsequent revisions to the ECQ Methodology Statement will be covered by these revised arrangements.

Background

In accordance with UNC TPD Section Q 6, the quantities of gas, associated with Emergency Curtailment actions, undertaken by Transporters for each Gas Day of a Gas Deficit Emergency (GDE), will be assigned to an effective trade (NBP title transfer) between National Grid NTS (as residual System balancer) and the relevant User for the relevant Gas Day.

Emergency Curtailment\* covers both Emergency Interruption\* within a Potential Gas Deficit Emergency (Stage 1 ~ Potential GDE) and Firm load shedding in stage 3 of an actual GDE. The Emergency Curtailment Quantity (ECQ) title trade seeks to ensure that a User's Daily Imbalance is maintained after Emergency Curtailment has been actioned. Each Transporter would be responsible for the calculation of its element of the ECQ for the relevant connected System Exit Points. This document defines the uniform methodology for calculating the ECQ element for all Transporters.

The Emergency Curtailment Quantity is defined within UNC TPD Section Q 6 as "The quantity of gas (in kWh) which the Transporters, in aggregate, reasonably estimate that User would have offtaken from the Total 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”

The ECQ Methodology will comprise the process that all Transporters will follow to calculate each Transporter’s component of the Emergency Curtailment Quantity.

#### The Proposal

The existing 'ECQ Methodology' would become an ancillary to the UNC and subject to oversight by the UNC Committee, consistent with good governance principles outlined in Ofgem's approval of Network Code Modification 730 "Extending established Network Code governance arrangements to relevant Transco documents". This means that although any Transporter could propose changes to the ECQ Methodology from time to time it would be necessary for the UNC Committee to approve any changes to such a document by Panel Majority.

#### Consequences of not implementing the proposal

If the Proposal were not implemented there is a risk that Transporters may calculate the components of the ECQ using inconsistent calculation methods.

#### **Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence**

This Proposal will further the relevant objectives set out in Standard Special Condition A11 and specifically 1(a) the efficient and economic operation of the pipe-line system 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 will improve the efficient operation of the ECQ Process by increasing clarity.

#### **Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text**

##### **a. Proposed implementation timetable**

National Grid NTS believes that the following timetable should be adopted:

Proposal sent to the Joint Office	12/10/2005
Modification Panel agree consultation route/timetable	20/10/2005
DMR issued for consultation (5 days)	27/10/2005
Close out of representations (10 days)	10/11/2005
Draft FMR issued to Joint Office (5 days)	17/11/2005
Draft FMR Review (2 days)	21/11/2005
Draft FMR issued to Modification Panel for consideration & recommendation (5 days)	28/11/2005
FMR issued to Ofgem for decision	29/11/2005

##### **b. Proposed legal text**

To be provided

##### **c. Advantages of the Proposal**

The Proposal will ensure that the Uniform ECQ Calculation Methodology is subject to oversight by the UNC Committee, consistent with good governance principles outlined in Ofgem's approval of Network Code Modification 730 "Extending established Network Code governance arrangements to relevant Transco documents".

**d. Disadvantages of the Proposal**

The Proposal will introduce a delay between the identification of a requirement to modify the ECQ Calculation Methodology and a revision to the Statement.

**e. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation**

As the Proposal leads to the establishment of the existing Uniform ECQ Calculation Methodology Statement, covering all Transporters, as an ancillary document under the UNC it will be beneficial in regard to avoiding industry fragmentation.

**f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including**

**i. implications for operation of the System**

No implications identified.

**ii. development and capital cost and operating cost implications**

No implications identified.

**iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs**

No direct costs identified.

**iv. analysis of the consequences (if any) this proposal would have on price regulation**

No consequences identified.

**g. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal**

No consequences identified.

**h. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users**

No impacts have been identified.

**i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk**

No implications have been identified.

**Code Concerned, sections and paragraphs**

UNC TPD

Section Q

**Proposer's Representative**

Eddie Blackburn (National Grid NTS)

**Proposer**

Richard Hewitt (National Grid NTS)

**Signature**

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