

CODE MODIFICATION PROPOSAL No. 0123
“Provision of Demand Information to Meet the 14:00 Total System Demand Forecast”
Version 1.0

Date: 07/11/2006

Proposed Implementation Date: 04/12/2006

Urgency: 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)

Further to our representation to Modification 100: "Amendment to OPN/SFN Submission Times", we would like to propose an amendment to arrangements that will be introduced by the implementation of Modification 100. The implementation of Modification Proposal 100 was originally scheduled for 6th November but has been postponed for 4 weeks “in order that we can clarify the issues surrounding the implementation of Modification 100 and explore alternative routes to achieve UNC compliance”¹: This proposal explores an alternative route that would allow UNC parties to meet National Grid Transmission’s, (“NTS’s”) forecasting requirement.

Urgency Justification:

We believe that Urgent Status should be granted for this proposal on the basis that implementation would be linked to a specific and imminent time-related event. We believe this proposal should be implemented immediately subsequent to the implementation of Modification 100 on 4th December 2006. Implementation of Modification 100 will require significant investment in systems, contractual changes and new working practices by DNOs, and we believe that all avenues should be explored before initiating the investment program that will be required. Furthermore, the investment and changes cannot be developed and introduced in time for a 4th December implementation.

Proposed Timetable – subject to Urgency being granted:

Issue proposal to Joint Office	07/11/06
Ofgem decision on urgent status	07/11/06
Proposal issued for consultation	08/11/06
Closeout for representations	10/11/06
Final Modification Report circulated to the Modification Panel	14/11/06
Modification Panel provide recommendation	16/11/06
Ofgem decision expected week commencing	27/11/06
Implementation date (subject to Ofgem’s decision)	04/12/06

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

We believe the implementation of *this* Modification Proposal would provide a more economic and pragmatic solution to provision of accurate and timely demand information for inclusion in the NTS 14:00 (D-1) Total System Demand Forecast (“TSDF”).

“A more pragmatic solution could have been to extend the current obligation on DNOs to submit day-ahead forecast demand information to NTS in time for the 14:00 Total System

¹ extract from our e-mail to the Joint Office, 3rd November 2006

Demand Forecast on to direct connects. It is conceivable that the direct connect demand forecast could be submitted in the form of an OPN if that was the most convenient format to transmit the information.”

Drawing on our representation to Modification 100, (an extract of which is printed above), our proposal is as follows:

Proposal:

a) Background

As stated in our representation, we believe the timing of information flows (pre-Modification 100) between each DNO and NTS currently operate optimally.

D-1 Control Room Procedures:

- DNOs receive weather forecast data from the Metrological Office (typically) by 12.00
- DNOs process the data into an offtake forecast (LDZ level) and submit to NTS by 13.00 (typically) by 12.45
- NTS correlate LDZ demand with their own forecast to produce the 14.00 TSDF (typically) by 13.30
- DNOs provide 18:00 OPNs (Offtake level) to NTS in accordance with Offtake Arrangements Document requirements

For other offtakes, on D-1

- Shippers provide DM Output Nominations in accordance with UNC TPD Section C1.2 by 13.00.
- NTS Connected System Operators and Storage Facility Operators provide Offtake Profile Notifications, (“OPNs”) in accordance with the NExA / SCA agreements on behalf of the shippers for which they are acting depending on the specific terms of the agreement, but significantly the requirement allows submission after the 14:00 TSDF.

b) The Change

Shippers

To align shipper obligations with the needs of transporters, we propose that a requirement is placed on shippers at NExA / SCA exit points to secure the compilation and submission to the relevant transporter by 12.00 (D-1) of daily offtake information, aggregated to exit point level. We appreciate this requirement would amend connection agreement terms and require the amendment of agency agreements but a similar back-to-backing of arrangements will be required to implement Modification Proposal 100. For the avoidance of doubt, the information required from these large connected loads / systems would be the predicted end of Day Offtake Quantity submitted as a single figure in MWh. This submission would be referred to as a Summarised OPN (“SOPN”). We do not believe that at this stage in the information transfer process there is a requirement to break-down daily offtakes into

hour-bars but recognise that the “OPN format” may be the most convenient format for the submission of the information for some operators.

DNOs

Following receipt of the LDZ SOPNs, DNOs would provide aggregate LDZ daily offtake notifications in the agreed format and by 13:00 (typically 12.45), in accordance with current practice.

The aggregate LDZ offtake notifications plus the NTS SOPNs would then be used by NTS to compile the 14:00 TSDF.

It is proposed that DNO OPNs would continue to be submitted by DNOs to NTS, in the form described in the OAD, by the cut-off time specified in the OAD, which is by 18:00 on D-1 and then these would be updated through D-1 and D.

The net effect of this modification would be to **replace** the Modification 100 universal requirement for all Users to provide Offtake Profile Notices in advance of the 14:00 TSDF with a requirement to submit Summarised OPNs and aggregate LDZ offtake information, (depending on the type of offtake). We believe this is appropriate given that OPNs contain nodal offtake and flow information at a level of detail not required to produce the 14:00 TSDF. We acknowledge that the timescales for Shippers and DNO’s submissions differ, but we believe this is inevitable as the shipper information is a component of the DNO information and, hence, sequential timing is necessary.

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

Modification 100

The benefit established through the implementation of Modification 100 is that all parties will be required to submit their best estimate of the quantity of gas that will be offtaken from the NTS no later than 12.30 (D-1). However, it is our view that the processes currently in place, from a DNO perspective, already provide sufficient and robust information to allow NTS to fulfil its forecasting obligations.

In essence, Modification 100 requires:

- a) large connectees to submit OPNs in advance of the 14:00 TSDF and
- b) requires DNOs to provide nodal information in advance of the current submission time for the LDZ offtake forecast.

However, the change in work scheduling required by the implementation of Modification 100 will require DNOs, (through their system operator DNCC), to make a number of changes to its systems and increase the workforce to accommodate the increased volume of offtake related information that would need to be submitted to NTS. Whereas currently submissions relating to demand information and OPNs are spread throughout the day, these would now be compressed into the pre-12:30 part of the gas day. We believe these changes will combine to increase costs and would degrade accuracy, as DNCC would be required to process weather data from an earlier Met Office forecast than is now the case.

This Modification Proposal

We believe this proposal refines Modification 100 and presents the most efficient means for NTS to obtain the most up to date and accurate information at minimum cost to the

information providers. This proposal works largely within existing processes and timescales, although we appreciate the SOPN concept is new but, in any event, the data required will be required as a result of the implementation of this proposal and / or implementation of Modification 100. Consequently, we believe implementation of this proposal would be relatively straightforward and would further facilitate the efficient and economic operation both the NTS and each DNOs' system(s).

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

Advantages:

Adoption of the pre-Modification 100 practices, OPN submission timetable for DNOs will optimise the demand forecasting process and meet the requirements of NTS without triggering unnecessary investment.

Simplification of the demand / new SOPN submission rules for NExA / SCA exit points will reduce the impact on these parties of the implementation of Modification 100 without degrading the quality of the information submitted to transporters. In particular, if the recently introduced electronic OPN submission facility is utilized further efficiency savings are possible.

Disadvantages:

None identified.

Code Concerned, sections and paragraphs

UNC Transportation Principal Document Section J4.5.1

UNC Offtake Arrangements Document Section I2.2.1

Proposer's Representative

Alan Raper (National Grid Gas plc – Distribution)

Proposer

Alan Raper (National Grid Gas plc – Distribution)

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