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Urgent Modification Proposal 123 - "Provision of Demand Information to Meet the 14:00 Total System Demand Forecast"

Dear Julian,

RWE npower does not support this modification proposal.

In our opinion the fact it has been raised, and with urgency status, is indicative of the fact that:

- National Grid NTS failed to give proper consideration of the operational effect Modification Proposal 100 would have on the counter-parties to NExA, Storage Connection, Interconnector and OAD arrangements; and
- Ofgem failed to give due consideration to the concerns expressed by Users in their responses to Modification Proposal 100.

In our opinion Modification Proposal 123 is flawed and although it's implementation has little consequence to us commercially or operationally, we would not wish to see it accepted simply to enable DNs to comply with Modification Proposal 100 as this was equally flawed.

Despite claims by National Grid NTS that provision of OPNs earlier in the day will improve their ability to forecast the following days end of day total system gas demand we have yet to receive an explanation of why this should be the case. Based on the responses to Modification Proposal 100 it would seem that many other Users (acting in their capacity as DNOs, shippers and inter-connector /storage agents) shared these concerns and agreed with our view that there was a possibility that implementation may actually make the situation worse.

In accordance with section C of the UNC shippers are required to initially submit their DM Output Nomination for any Gas Day by 13:00 on the preceding Gas Day. Included within this figure will be the expected end of day offtake quantity of each NTS and LDZ exit point for which a NExA, Storage Connection or Interconnector agreement applies and which are therefore subject to an OPN. Shippers are also required under the UNC, and by their licence, to re-nominate their DM Output Nominations (along with entry flows) to ensure they remain an accurate reflection of the expected end of day offtake quantity.

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The purpose of the OPN is to breakdown the expected end of day offtake quantity into hourly flows and the sum of the hourly flows should reflect the expected end of day offtake quantity nominated for each affected site. Bringing forward the initial OPN submission time (which is the effect of Modification Proposal 100) has, in our opinion, increased the likelihood of shippers submitting initial OPNs showing a flat 1/24th profile throughout the day. Nevertheless, even if a shipper is able to provide profile details in their OPN which are not flat, the fact remains that the sum of the OPN profiled hourly flows will still equal the equivalent DM Output Nomination for the site in question, and as National Grid NTS's 14:00 forecast is an end of day forecast we do not understand why OPN data should help them to improve their forecasting accuracy.

This point is reinforced by Modification Proposal 123 itself which states that "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."

Under current operational arrangements shippers are required to submit their OPNs on an individual site basis to National Grid's NTS Control Centre in Warwick, for both NTS and LDZ connected sites. Whilst we can see no benefit to National Grid in us doing this by 12:00 it should in most cases be achievable as in most cases received our DM Output Nomination information by this time. If we do not have detailed profile information available by this time (which is the case more often than not) we can simply send an OPN with a flat 1/24th profile and update this later in the day.

It would appear however, that under the current arrangements in place between NTS and DN operational control centres DNOs are not provided with OPN data or with DM Output Nomination shippers provide for sites connected to their network. As a consequence, in order for National Grid's DN business (and other DNOs) to comply with Modification Proposal 100 they now appear to have raised Modification Proposal 123 in order to place an obligation on shippers to provide them with this information directly (so that they can pass it on to the NTS). This is despite the fact that in their opinion the arrangements prevailing prior to implementation of Modification Proposal 100 operate optimally and that this data is unlikely to play any part in the LDZ demand forecast they submit to the NTS for their network and which forms part of the 14:00 end of day total system gas demand.

Not only this but their Modification Proposal 123 seems to require shippers at LDZ connected exit points where there are multiple shippers to provide flows based on the aggregate offtake of all shippers. This role can only be undertaken by an agent, as no one shipper will know what other shippers intend to flow on any day, and the Modification Proposal is therefore forcing obligation on a parties without any consideration of the consequences of this or how these can be achieved. This is therefore replicating one of the principal failings of Modification Proposal 100.

In our opinion before Modification Proposal 123 is decided upon, or Modification Proposal 100 is implemented, further consideration should be given as to how OPN and/or DM Output Nomination information that is already provided by shippers to National Grid NTS can be made available (if required) to DNOs. With the recent introduction of electronic OPN submission this may be relatively straightforward but it may be that simply changing the fax number of OPNs relating to DN connected sites will suffice.

National Grid NTS and DNOs should also be required to collectively explain why they think that the new arrangements (that will come into effect as a consequence of the implementation of Modification Proposal 100 and the potential implementation of Modification Proposal 123) will improve the ability to forecast the 14:00 end of day total system gas demand compared to the arrangements that prevailed prior to implementation of Modification Proposal 100.

For the reasons stated above we do not believe that Modification Proposal 123 better facilitates the achievement of the Relevant Objectives with regards to the efficient and economic operation of the pipe-line system, the co-ordinated, efficient and economic operation of the combined pipe-line system and/or the pipe-line system of one or more other relevant gas transporters and the promotion of efficiency in the implementation and administration of the uniform network code. We do not believe therefore that it should be implemented and to the extent that DNOs are unable to comply with Modification Proposal 100 as a consequence, further consideration should be given as to how information currently provided by shippers to National Grid NTS can be disseminated to DNOs (in the event this will help them to improve their LDZ forecasting capabilities).

Alternatively if it is possible to exempt DNOs in some way from providing OPN data for end user and storage exit points on their network way this should be considered.

Yours sincerely,

Steve Rose
Economic Regulation

Sent by e-mail and therefore not signed