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07 August 2009

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Dear John

### **Modification Proposal 0257: Revision of the Gas Balancing Alert (GBA) Trigger/Safety Monitor**

Thank you for your invitation seeking representations regarding the above Modification Proposal.

National Grid NTS, as the Proposer, supports this Modification Proposal.

As stated within the Proposal, we believe that if implemented the revised GBA calculation introduces greater clarity associated with the remaining UK storage stock position and therefore, may lead to increased transparency of supply/demand projections during periods where the supply/demand margin may be widening.

The proposed revisions to the GBA trigger calculation will align with those recent revisions made within the Safety Monitor methodology. The GBA trigger will be based on the aggregated value of the two-day-ahead minimum storage deliverability of *all* individual storage facilities rather than by the aggregation of Storage Facility Types (short, medium and long range). Any individual storage facility that has reached a level where it has only 2-days of stocks left (assuming maximum withdrawal rates for that facility) will be removed from the GBA trigger; potentially leading to smaller, more frequent movements in the GBA trigger.

We believe these revisions will achieve an improved market granularity and understanding of the remaining storage position when compared with the prevailing GBA calculation whereby a GBA may be triggered where the monitor of any one of the three Storage Facility Types has been breached.

As outlined in the Proposal, National Grid NTS has also initiated further work with the industry that seeks to introduce improvements in the provision of forecast information associated with supply/demand balance projections. At the July 2009 Transmission Workstream we advised the industry of our intention to hold two Workshop meetings that would seek to utilise the existing data provision to create new 'summary reports'. We believe

that such reports may help market participants and operations in their decision making processes.

During the July Transmission Workstream we noted that 'summary reports' may merit consideration in the following areas:

- The five day ahead view of supply/demand balance assuming maximum deliverability of storage,
- Five day view of supply/demand balance assuming a 25mcm supply loss.

The initial Workshop meeting was held on the 29 July 2009, with the next meeting due to be held on the 19 August 2009. We anticipate that following a consensus agreement reached within these Workshops, National Grid NTS will commence the publication of the new 'summary reports' in October 2009 in readiness for Winter 2009/10.

We believe that the provision of a new five-day forecast 'summary report' will provide the industry with further insight and clarity of the remaining storage position and supply/demand balance projections during those periods prior to a potential GBA being triggered. We consider that the provision of such information may compliment the changes proposed within this Modification Proposal.

Please let me know if you require any further information to enable preparation of the Final Modification Report.

Yours sincerely

Claire Thorneywork