

Work Programme
UNC Modification Reference Number 0166
Review of necessary reform of NTS Offtake Arrangements
Session 6 Questionnaire–Flexibility

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Scope of Enduring NTS Flexibility Arrangements

1 Which of the following NTS Flexibility arrangements would you favour for the enduring NTS Exit Regime?

(a) Retention of the current interim arrangements for NTS Flexibility.

Yes

(b) Retention of the current arrangements but with additional information requirements to inform the industry.

No

(c) NTS Flexibility arrangements that incorporate identical provisions for NTS Offtakes and NTS Exit Points but minimise all other changes from the interim arrangements.

No

(d) Flexibility arrangements of the type proposed in 0116V, 0116BV or 0116VD (state preference if applicable).

No

(e) Other (please state with reasons).

Interim Arrangements

2 Indicate the extent to which the current ie interim, arrangements for NTS Flexibility:

(a) Promote or inhibit safe and secure operation of the NTS and DNs in an economic and efficient manner, including operation on “**Flexibility Constraint Days**”.

They neither promote nor inhibit the safe and secure operation of the NTS as there is no recorded instance of insufficient flexibility which would cause a problem in these areas to arise. We are also uncertain as to what the reference to “Flexibility Constraint Days” means as this is a concept enshrined in 116V and, as already stated, no flexibility constraint has ever been known to have occurred at NTS level.

- (b) Together with the current charging principles, apportion costs in a cost-reflective manner.

As flexibility is largely a “side effect” of flat capacity, along with the consideration of the fact that it is firm investment which imposes costs on the system, it is difficult to see what cost is incurred in providing flexibility in and of itself. We also note that National Grid has specifically stated that it will not invest purely for purposes of providing flexibility but rather only for purposes of providing incremental flat capacity. In addition, flexibility is affected by flows at entry so dealing with this product purely from an exit point of view is flawed.

- (c) Promote or inhibit development of competition, amongst Users and other industry participants (including potential providers of NTS Flexibility to National Grid NTS).

As there is generally recognised to be no current shortage of flexibility, the usage of flexibility within the system under the current rules cannot really be viewed from a competitive viewpoint as the resource is not a scarce one for which people could be said to compete in the normal sense. However, the requirement on Users to purchase flexibility capacity as envisaged in Mod 116V will certainly have a detrimental effect on competition, not least because one User’s offtake pattern can potentially affect another User at a Multi User or Bi-Directional Exit Point and cause that User to overrun without either party being aware of it. This concern could potentially act as a barrier to entry.

- (d) Satisfactorily address regulatory requirements in respect of discrimination.

Once again, as there is more than enough flexibility capacity at present and as the right to vary one’s offtake is available to all, there does not appear to be any current discrimination as regards flexibility. National Grid also have an existing safeguard in that they are able to reject changes in offtake.

3 Indicate the extent to which your answers in 2 might vary:

- (a) If the other parts of the Review Group’s work (ie firm and interruptible flat capacity) were implemented in accordance with the current group consensus.

Our views in relation to the flexibility component are based on the fact that there is more flex available than is currently required. Until DNOs and Ofgem can prove that this is no longer the case, our view will remain the same.

- (b) In the latter years of the current Transmission Price Control Period (ie up to 31 March 2012) due to load growth or other factors separate from (a) above.

No case has been made that load growth will be sufficient at any time in the future to justify this.

- (c) In the next Transmission Price Control Period.

See above.

Information Provision

- 4 Do you believe that NTS Flexibility information should be made available based on 06:00 to 22:00 offtakes compared with full Day aggregates?

Although the question is unclear, we feel that, should the flex product ever be applied to direct connects, the info that needs to be published is laid out in 116BV and 116CVV.

- (a) If not what basis would you apply to express NTS Flexibility information?

- 5 Would you support, and if so why, the following additions to the information currently made available by National Grid NTS?

- (a) Annual Publication of available NTS Flexibility by **'Flexibility Zone'**, **'Flexibility Area'** and **'National'**, as defined in 0116V.

Whilst flexibility remains a DNO specific product, this information is irrelevant to Shippers. However, consideration could be given to NG publishing zonal linepack data to inform shippers of the extent to which their offtake may impact or be impacted by linepack variation.

- (b) Applications for NTS Flexibility by Flexibility Zone made annually by DNOs

We believe that DNO OCS booking information should be made available to all Users annually (as per Mod 139A). OCS booking information includes NTS Flexibility but this is only of relevance if flex applies to all Users.

- (c) At D+1, the utilisation of NTS Flexibility for each Flexibility Zone for D.

See above.

- (d) Expected utilisation of NTS Flexibility for each Flexibility Zone, hourly from submission of initial OPN to end of Day.

See above.

- (e) Other (please state with reasons).

Minimum Changes to Arrangements

- 6 Indicate how the current ie interim, arrangements for NTS Flexibility might be changed to address concerns expressed by yourself or others, in terms of:

- (a) Inhibiting safe and secure operation of the NTS and DNs in an economic and efficient manner,

(i) In normal operation

(ii) On Flexibility Constraint Days.

Flex is a DNO specific product, no change is required over and above the current arrangements.

- (b) Lack of cost-reflectivity.

See above.

- (c) Inhibition of development of competition, amongst Users and other industry participants (including potential providers of NTS Flexibility to National Grid NTS).

See above.

- (d) Correct any current inconsistencies between NTS Offtakes and NTS Exit Points

Flex is not an appropriate product for direct connects as, unlike DNOs, they do not have the luxury of diurnal storage to deal with the issue.

- (e) Any other aspect of discrimination not addressed in answer to (d) above.

- (f) Other (please state)

0116V etc Proposals

7 To what extent do you believe it is worth retaining the following aspects of 0116V and its alternates (excluding 0116CVV)?

We do not believe that any of these aspects of 116V are required or wanted by Shippers.

- (a) Annual Release of Flexibility Capacity by pay as bid auction.

- (b) Daily release of Flexibility Capacity, in accordance with OPNs, on non Flexibility Constraint Days.

- (c) Daily release of Flexibility Capacity, by pay as bid auction, on constraint Days.

- (d) Definition of Flexibility Constraint Day.