7 Day Margins Notice Forecast

nationalgrid

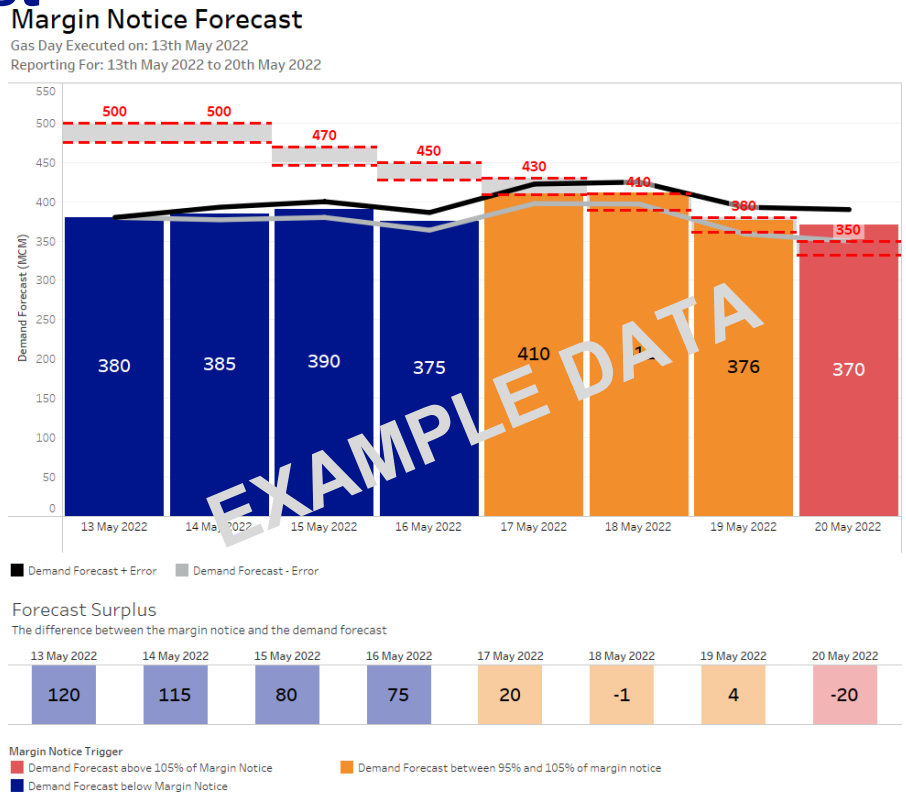
7-Day Margins Notice Forecast

With the ongoing and unprecedented geopolitical environment, we are continually assessing our information provision to ensure it is fit for purpose and adds value to the industry

We believe there may be benefit in supplementing the existing day-ahead Margins Notice process to provide a 7-day forecast of the likelihood of a notice being issued

This would provide an indicative view of the potential for ‘tightness’ in the market by forward predicting our view of available supply versus forecast demand

Error bars in the data reflect the uncertainty in the supply and demand forecasts and required assumptions



Industry Impact

For this to be a viable and useful tool we appreciate that the methodology should be developed with the community and we propose to seek feedback on our thinking and proposed approach over the coming months via Operational Forum and Transmission Workgroup

- At this stage, we do not propose this tool falls under obligated information provision and therefore will not require a UNC Modification to introduce it
- Aim is to supplement the existing Margins Notice process by giving a view of supply margins across a wider timeframe, effectively forecasting the Margins Notice trigger. We anticipate the industry would benefit from this approach by providing more input to commercial decisions, particularly during higher demand periods
- When the methodology is finalised we propose:
  - Testing the output across the remainder of the summer
  - A post-winter assessment to test consistency against the Margins Notice process and to identify if this should be an enduring piece of information provision

Methodology (Initial View)

- Published on a Friday with data for the following 7 days (daily updates tbc). D-1 to use the Margins Notice data to ensure consistency
  - Non-storage supplies (NSS):
    - UKCS and Norway: utilise existing Margins Notice NSS assessment
    - Interconnectors: apply historical 7-day mean import/export value
  - Storage: Apply the 7-day historic mean at a site level and for each day's supply margin calculation assume a site can withdraw at its maximum delivery rates (contingent on stock levels and subsequent storage deliverability curves)
  - LNG: Determine future stock levels at a site assuming daily NTS deliveries are in line with the 7-day historic mean, coupled with cargo delivery consistent with global LNG cargo tracking. If a site is >[30%] (threshold to be determined) full, assume maximum delivery for the supply margin calculation, or alternatively, remove from the calculation (i.e. assume zero flow)

$$Supply\ Margin = NSS + LNG + Storage\ - Demand$$

Further Steps

- **Viability of daily updates:** Dependant on the availability of demand forecasting data and resource requirements
- **Confirm thresholds for LNG flow:** LNG Operator engagement required
- **Determine size and accuracy of error bars:** Utilise historic D-1 to D-5 demand forecasting errors and create supply methodology
- **Define RAG threshold:** Examine potential likely differences between supply and demand errors to give realistic RAG
- **Determine any consequential actions required:** e.g. Gas Availability Status Report