

**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.

Given that there are currently no flexibility constraints either this, or option b are attractive.

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

Given that there are currently no flexibility constraints either this, or option a are attractive.

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

EDF Energy believes that the current arrangements are operating effectively. We are aware that Ofgem has raised the issue of discrimination when NGG has had to scale off demand in the past under the EOWG, however we believe that NGG could develop arrangements to ensure that demand was scaled off in an equitable manner that would avoid a complex and costly reform of exit capacity.

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

No, these proposals are overtly complex and appear to be in opposition to the principles of Better Regulation. We believe that these options should only be developed if it can be clearly demonstrated that there will be a shortage of flexibility in the very near future, and even then we would expect NGG to investigate the possibility of introducing charging arrangements to reduce this demand before developing arrangements as proposed by 116V, 116BV or 116VD.

(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 DN's in an economic and efficient manner, including operation on "**Flexibility Constraint Days**".

EDF Energy believe Gas Transporters may be better placed to answer this question.

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

This would appear to be an issue for the TCMF and NGG who are responsible for ensuring that charges reflect the costs imposed on the system.

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

The use of simple and clear booking arrangements promote competition.

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

The issue of discrimination may be better developed through NGG System Management Principles.

- 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.

N/A

- (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.

It may be that following developments in the Gas industry this issue will need to be reviewed, however it will need to become transparent that this is developing before arrangements are developed for the just in case scenarios.

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

Please see answer 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?

Yes

- (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.

EDF Energy is generally supportive of increased transparency, and we see no reason why this information should not be published as it will allow the industry to develop a view as to whether reform of the exit capacity arrangements is warranted or not.

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

See answer to a above.

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

See answer to a above.

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

See answer to a 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 DN's in an economic and efficient manner,

- (i) In normal operation

We do not believe that the current arrangements inhibit the safe and secure operation of the NTS in an economic and efficient manner

- (ii) On Flexibility Constraint Days.

NGG could develop the SMPS so that it was clear to the industry the actions it would take on a flexibility constraint day.

- (b) Lack of cost-reflectivity.

This is an issue for the TCMF and NGG's charging methodology statement, however it needs to be demonstrated that the current arrangements are not cost reflective.

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

The current arrangements do not inhibit competition.

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

These inconsistencies reflect the material differences in classes of Users registered – it would be un due non-discrimination and anti-competitive to treat these two separate classes of Users the same.

- (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)?

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

This was overtly complex, and it was questionable what utilisation these auctions would attract.

(b) Daily release of Flexibility Capacity, in accordance with OPN's, on non Flexibility Constraint Days.

This was overtly complex, the current arrangements are sufficient.

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

This was overtly complex and attempted to introduce competition between a regulated monopoly and participants in a competitive regime, which would have been detrimental to competition. The requirement for this mechanism also needs to be demonstrated

(d) Definition of Flexibility Constraint Day.

This was overtly complex, the current arrangements are sufficient.