

## **Distribution Network Interruption Reform**

### **Northern Gas Networks Interruption Requirements – October 2008**

#### Introduction

In March 2007, Ofgem announced its intention to modify the regime for interruptible contracts. These revised arrangements took effect from 1<sup>st</sup> April 2008 and allow Distribution Networks to publish their specific interruption requirements and invite offers for Interruptible terms through a tender process. The first auction took place between 2<sup>nd</sup> and 13<sup>th</sup> June 2008, covering the five year period commencing October 2011. Northern Gas Networks did not select any of the bids it received and as a consequence, a second auction will take place between 13<sup>th</sup> and 24<sup>th</sup> October 2008.

#### Northern Gas Networks' Interruption Requirements

NGN has divided its network into 16 geographic zones. NGN is seeking bids in 11 of these zones in the October 2008 bidding window. All postcodes, within these eleven zones containing at least one eligible supply point are shown at the end of this note, and can be found at:

[www.northerngasnetworks.co.uk/cms/232.html](http://www.northerngasnetworks.co.uk/cms/232.html)

on the "Interruption Reform" page on NGNs website.

The table below lists the zones where we are seeking interruption tenders, and demonstrates our minimum requirements. Our interruption requirements are shown in 3 periods, in order to more closely match our capacity requirements over time and to increase our ability to efficiently secure interruption rights.

For example, in North West Leeds (zone GT3080001) we require up to 151,993KWh of capacity for 76 days. This is more precisely defined as 151,993KWh for 5 days, then at least 106,048KWh for an additional 32 days and at least 52,562KWh for a further 39 days.

Zone	Description	Aggregate interruptible capacity required	Period 1 (Days)	Minimum Capacity required in Period 1	Period 2 (Days)	Minimum Capacity required in Period 2	Period 3 (Days)	Minimum Capacity required in Period 3
GT3080001	North West Leeds	151,993	5	151,993	32	106,048	39	52,562
GT3080002	Kirklees	279,026	5	279,026	27	186,665	33	91,923
GT3080003	Yorkshire Coast	230,313	5	230,313	6	90,632	8	41,490
GT3080004	East Leeds	378,331	5	378,331	16	220,010	24	107,481
GT3080005	East Riding	47,824	5	47,824	24	31,020	30	15,217
GT3080006	Humberhead	41,143	5	41,143	48	31,562	64	15,561
GT3080007	Teesdale	190,080	5	190,080	18	122,664	23	52,472
GT3080008	County Durham	53,042	5	53,042	17	34,863	27	16,722
GT3080009	Cumbria	3,141,928	5	3,141,928	5	1,885,157	11	920,910
GT3080010	Tyne Valley	216,796	5	216,796	33	163,529	51	80,255
GT3080011	Vale of York	122,545	5	122,545	13	65,797	21	32,039

### Eligibility

All supply points with a registered Annual quantity (AQ) greater than 5,860,000 kWh (200,000 therms) are eligible to make an offer, whether or not they are currently Interruptible, Firm, Daily Metered (DM) or Non-daily metered (NDM). Any supply point whose offer is accepted must be Daily Metered and be able to interrupt their supply when instructed by the first day of the interruption contract period.

### Offers and Acceptance

Details of the bidding process have been sent to by xoserve to all shippers with eligible supply points within NGNs area. Offers should consist of an Interruption Option price (in pence per kWh) and an Interruption Exercise price (in pence per kWh per day). An Interruption Calculator has been developed to assist in preparing offers, and can be accessed via NGNs website using the link above.

Interruption offers must be for a whole number of days, from 5 to the maximum requirement for that zone (refer to the map and chart in Appendix A). Offers can be made for any number of years from 1 to 5 \*\*, but these must be consecutive years (e.g. an offer for three years commencing October 2011 is allowable, however an offer for two years, the first commencing October 2012 and the second October 2014 is not).

\*\* Offers in zone 9 must be for a maximum of 2 years.

Multiple offers may be made for a single supply point.

Offers for a single supply point may be made in tranches, but the minimum tranche size is for an AQ of 5,860,000 kWh (i.e. the minimum tranche size is 16,000 kWh per day). Where offers are made in tranches, the hourly consumption for each tranche (SHQ) must be provided. The maximum allowable number of tranches for a single supply point is nine.

Linked offers may be made for a single supply point provided they each meet the eligibility criteria. The appropriate SHQ should be provided for each linked offer.

NGN will assess all eligible offers in accordance with the DN Interruptible Capacity Methodology Statement. A copy of this document can be found on the Joint Office website at [www.gasgovernance.com/industryinfo/int](http://www.gasgovernance.com/industryinfo/int)

From 1<sup>st</sup> October 2011 all supply points will be considered Firm for DN transportation purposes, paying Firm LDZ capacity and commodity charges. Shippers for those sites whose interruption offers are accepted will receive payments based on their Option and Exercise prices. Payment for the Option price will be made monthly in arrears for the year(s) covered by the contract. The Exercise price will be paid each time the site is interrupted by the DN.

#### Key Dates

8<sup>th</sup> September 2008 – Interruption requirements published to shippers via xoserve

13<sup>th</sup> October 2008 – Offer window opens

24<sup>th</sup> October 2008 – Offer window closes

18<sup>th</sup> November 2008 – Tender results notified

21<sup>st</sup> November 2008 – Summary results published

1<sup>st</sup> October 2011 – New interruption contracts take effect

#### Further information

Further information can be found by emailing [interruption@northerngas.co.uk](mailto:interruption@northerngas.co.uk) or the NGN website at [www.northerngasnetworks.co.uk/cms/232.html](http://www.northerngasnetworks.co.uk/cms/232.html)



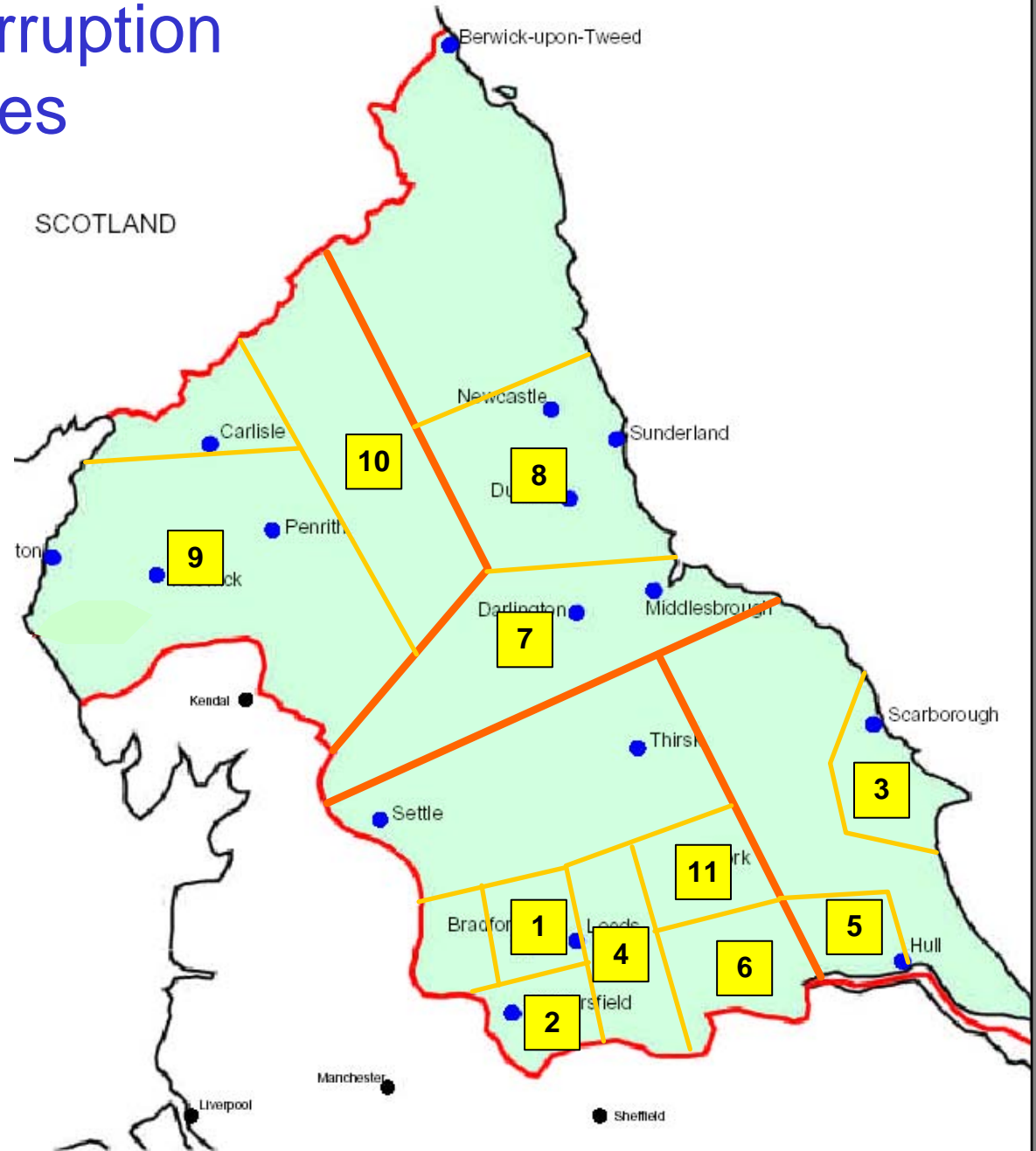
# Interruption Zones

## NGN Interruption Zones and Indicative Requirements 2011 / 12 - 2015 / 16

Zone ID	Interruption Required due to System Capacity Constraints	
	Max No. Int. Days Requ'd by NGN	Min Int. Req'd Peak Day (GWh/Day)
GT3080001	76	0.2
GT3080002	65	0.3
GT3080003	19	0.2
GT3080004	45	0.4
GT3080005	59	0.1
GT3080006	117	0.1
GT3080007	46	0.2
GT3080008	49	0.1
GT3080009	21	3.5
GT3080010	89	0.2
GT3080011	39	0.1
<b>Total</b>		<b>5.2</b>

<b>Peak Day Total Network Demand (Firm + Int)</b>	576 GWh/Day
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Bids of up to 5 years are allowed in Zones 1 - 8 and 10 - 11.  
 Bids of up to 2 years in Zone 9.



### Zone IDs and Descriptions as they will appear in the Interruption Invitations

GT3080001	GT3080002	GT3080003	GT3080004	GT3080005	GT3080006	GT3080007	GT3080008	GT3080009	GT3080010	GT3080011
North West Leeds	Kirklees	Yorkshire Coast	East Leeds	East Riding	Humberhead	Teesdale	County Durham	Cumbria	Tyne Valley	Vale of York
BD9	BD3	YO11	DN6	HU1	DN14	DL1	DH	CA5	DL13	YO2
BD10	BD4	YO12	HG2	HU2	HU15	DL3	DL14	CA10	NE42	YO10
BD17	BD5	YO15	HG5	HU3	YO8	DL5	DL16	CA11	NE46	YO23
HG1	BD7		LS9	HU4		DL6	NE9 6	CA14		YO26
HG3	BD8		LS10	HU5		DL7	NE11 0	CA28		YO31
LS6	BD12		LS14	HU6		DL9	NE16	CA2		YO32
LS16	BD19		LS15	HU14		DL10	NE37	CA7		YO41
LS18	BD99		LS23	HU16		DL12	NE38			YO43
LS19	HD2		LS24	HU17		TS1	SR			YO61
LS20	HD3		LS25			TS2	TS24			YO91
LS21	HD5		LS26			TS3	TS25			
	HD7		S			TS4	TS26			
	HD8		WF1			TS6				
	HD9		WF2			TS9				
	LS1		WF4			TS12				
	LS2		WF6			TS13				
	LS3		WF7			TS14				
	LS4		WF8			TS16				
	LS12		WF9			TS17				
	LS13		WF10			TS18				
	LS27		WF11			TS19				
	LS28					TS21				
	LS98					TS23				
	WF5					TS90				
	WF12									
	WF13									
	WF14									
	WF15									
	WF16									
	WF17									

Use this table to identify which zone your eligible sites fall into. If a postcode of a site you believe to be eligible is not on this list, please contact NGN to investigate further.

NGN can be contacted on [interruption@northerngas.co.uk](mailto:interruption@northerngas.co.uk)