

Code Review Proposal No xxxx

Review of Section I of the Offtake Arrangements Document (OAD): NTS Operational Flows

Version 1.0

Date July 2010

Nature and Purpose of Proposal

In the months preceding the sale by National Grid of four Gas Networks in 2005, the Offtake Arrangements Document (OAD) was created to contractualise a number of existing and new operating requirements between National Grid NTS and the Gas Distribution Networks.

One of the areas which sought to capture existing and newly anticipated requirements was 'NTS Operational Flows' (Section I of the OAD). This section carries a number of central themes;

- (i) Requirements as to the submission of Offtake Profile Notices (OPNs) in relation to NTS/LDZ offtakes
- (ii) Pressure provisions relating to NTS/LDZ Offtakes
- (iii) Other operational provisions relating to Networks, governing the NTS/LDZ Offtakes

Within these central themes sit a number of tightly defined, specific requirements. After a number of years of operation of the NTS/LDZ flow interface, it is appropriate to review and reconsider the relevance and appropriateness of some of the requirements. A full review is likely to conclude that revisions are required to reflect a contract which more appropriately aligns with working practices.

It is proposed that a Review Group considers the following issues;

- There may be a disconnect between the perceived value and use of OPN submission (for example), and its practical application by relevant Networks in administering the NTS/LDZ flow interface. Each Networks System Control departments are geared to interact on a frequent basis to communicate any variations to previously forecasted flow forecasts. A full review of the actual custom and practice versus OAD requirements is required to ensure all Networks operate in an economical and efficient manner.
- Pressure requests to and from GDNs to National Grid NTS. The existing OAD rules are prescriptive in respect of the pressure requests and requirements within which all parties must operate. A review will examine which other timeframes and pressure requests need considering providing the certainty required for all Transporters when operating its system.
- Requirement for provisions relating to Low Demand Days.
- Impact of existing tolerances and how material any breaches may be on Transporter (should failure levels be set higher than zero)
- Consequences of Enduring Exit Reform arrangements on NTS Operational Flows Section
- Appropriateness of existing percentage tolerance measures as Offtakes
- Aggregation of requests by LDZ vs Exit zone

Any other information (Optional)

Suggested Terms of Reference

We would suggest that the following items are included within scope of the group and should be considered within the Terms of Reference:

- General review of the current NTS Operational flow requirement arrangements and processes within UNC OAD Section I to determine if they are still appropriate, coherent and relevant.
- Implications of any changes to OPN timeframes
- Implications of any revisions to pressure commitments between National Grid NTS and GDNs
- Review of application of Low Demand Days
- Suitability of % measures as Offtake tolerances
- Aggregation of requests by LDZ vs Exit zone
- Impact of the implementation of Modification Proposal 0195AV (*'Introduction of Enduring NTS Exit Capacity Arrangements'*)

Suggested Aims and Outputs

It is envisaged that this Review Group will produce a report recommending any necessary changes to the OAD, code or organisation working practices. It is recommended that the Review Group completes its work within a [4] month period. If necessary this could be extended by seeking agreement of the Modification Panel. The Review Group should also look to include any draft Modification Proposals as part of the final report (this does not prevent related Modification Proposals being raised during the period of the Review Group).

Quorum

It is proposed that a minimum of one upstream and two downstream Transporters be present to make any Review Group meeting quorum