

## UNC Modification Proposal 0412

### Changes to the Stages of Emergency Resulting from

#### Changes Introduced by Exit Reform

##### Suggested Legal Text

###### TPD Section Q

*Amend paragraph 1.2.3 to read as follows:*

- 1.2.3 For the purposes of the Code:
- (a) a "Network Gas Supply Emergency" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS, and a reference to a Network Gas Supply Emergency includes a Gas Deficit Emergency and a Critical Transportation Constraint Emergency unless the context expressly requires otherwise;

*Amend paragraph 1.4.1 to read as follows:*

- 1.4 Emergency Stages**
- 1.4.1 **"Stage"** means a stage (from 1 to ~~54~~) of the Network Gas Supply Emergency Procedure as described in the NEC Safety Case, and a Network Gas Supply Emergency is of a particular Stage where the NEC has determined that the relevant stage of such procedures applies in relation to such Gas Supply Emergency. For the avoidance of doubt, nothing shall prevent the NEC declaring Stages sequentially or, declaring a number of Stages together.

*Amend paragraph 3.1.7 to read as follows:*

- 3.1.7 Notwithstanding paragraph 3.2.2(d)~~3-3~~, where pursuant to the Emergency Procedures the Transporter instructs a User to give any notification or communication to a consumer or supplier, the User shall comply with that instruction.

*Amend paragraph 3.2 to read as follows:*

- 3.2 Gas Deficit Emergency**
- 3.2.1 During Stage 1 (and higher) of a Gas Deficit Emergency:
- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.2.2(d)~~3-34~~ will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b),

for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery);

- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC); and/or
- (e) where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply

3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;
- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (c) With effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:
  - (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
  - (ii) Section D1.5;
  - (iii) Section D2.2.8 and 2.2.9;
  - (iv) Section D3; and
  - (v) Section D4; and/or

- (d) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

~~3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.~~

3.2.34 During Stage 34 (and higher) of a Gas Deficit Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.2.45 In Stage 45 of a Gas Deficit Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

*Amend paragraph 3.3 to read as follows:*

### **3.3 Critical Transportation Constraint Emergency**

3.3.1 During Stage 1 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery); and/or
- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC).

3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:

- (a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's

immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, with effect from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such time and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph ~~3.2.2(d)~~3.34.1. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:

- (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
- (ii) Section D1.5;
- (iii) Section D2.2.8 and 2.2.9;
- (iv) Section D3; and
- (v) Section D4; ~~and/or-~~

(c) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

~~3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.~~

3.3.34 During Stage 34 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.3.45 In Stage 45 of a Critical Transportation Constraint Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

*Amend paragraph 3.4 to read as follows:*

### **3.4 Emergency Interruption**

3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:

- (a) the Transporter shall not be required to give five (5) hours notice of

Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;

- (b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;
  - (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;
  - (d) the provisions of Section G6.9 (other than Section G6.9.2(a)) in respect of a failure to Interrupt shall not apply.
- 3.4.2 In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency) (other than a Critical Transportation Constraint Emergency).

*Amend paragraph 3.5 to read as follows:*

### **3.5 Firm Load Shedding**

- 3.5.1 Where Emergency Steps include the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points (in a Local Gas Supply Emergency or at Stage ~~23~~ or above of a Network Gas Supply Emergency), such steps will (insofar as is practicable and as may be required by Standard Special Condition A8(15) of the Transporter's Licence) be applied in the following order:
- (a) first, at Interruptible Supply Points (insofar as offtake has not already been interrupted at such points);
  - (b) secondly, at Supply Points, other than Priority Supply Points, which include VLDMC Supply Point Components;
  - (c) thirdly, at other Large Firm Supply Points other than Priority Supply Points;
  - (d) lastly, at Firm Supply Points (including for the avoidance of doubt Supply Points whose Annual Quantities do not exceed 73,200 kWh (2,500 therms)) and at Priority Supply Points.
- 3.5.2 Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.
- 3.5.3 In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency).
- 3.5.4 To the extent that Emergency Steps include the isolation of any part of a System in which several Supply Points are located, the order in paragraph 3.5.1 may not apply.
- 3.5.5 The manner in and priority with which Emergency Steps may be taken for the reduction or discontinuance of offtake of gas at a Connected System Exit Point will be in accordance with the relevant Network Exit Provisions (which will where appropriate take account of the requirements of Standard Special Condition

A8(15) of the Transporter's Licence); and the Transporter and the Connected System Operator shall be at liberty to take Emergency Steps in accordance therewith.

- 3.5.6 Without prejudice to the Transporter's ability to take any Emergency Step, the Transporter may take steps physically to isolate any Large Firm Supply Point where the consumer does not comply with any instruction given under paragraph 3.1.6(b).

*Amend paragraph 4.3 to read as follows:*

**4.3 Consequences of a Critical Transportation Constraint Emergency**

- 4.3.1 Save where paragraph 3.3.2(b) applies (in which event this paragraph 4.3 shall be of no effect), where a User (the "**claimant**") believes that it will suffer a financial loss in respect of any gas delivered to the Total System on a Day during a Critical Transportation Constraint Emergency in accordance with National Grid NTS's instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.2.2(b) or 3.3.2(a):
- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;
  - (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;
  - (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
  - (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
  - (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).
- 4.3.2 Save where paragraph 3.3.2(a) applies, in applying Section F4 in respect of Days during a Critical Transportation Constraint Emergency:
- (a) amounts payable by National Grid NTS to Users pursuant to paragraph 4.3.1; and
  - (b) all such costs as National Grid NTS may reasonably incur pursuant to paragraph ~~3.2.2(d)~~ 3.34.1;
- will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F4.4.3).

Amend paragraph 4.5.2 to read as follows:

- 4.5.2 In relation to any Day during a Gas Deficit Emergency (at Stage 2 or higher) for which a claimant wishes to submit a Post-Emergency Claim, the claimant must have posted a Market Offer to effect a Physical Market Transaction (by means of a Disposing Trade Nomination) on the Trading System for such Day prior to a Stage 45 (Restoration) being declared (if applicable). In relation to the Market Offer (in respect of the Physical Market Transaction) posted by the claimant:
- (a) for the purposes of this Section Q, the claimant must have stated the Market Transaction Lead Time as one (1) hour when placing the relevant Market Offer;
  - (b) the claimant must have stated the Market Transaction Quantity and not the Market Offer Specified Rate;
  - (c) the claimant must have specified that the Market Offer is not an Option Market Offer;
  - (d) the claimant may have indicated that the Market Offer is capable of partial acceptance; and
  - (e) the Market Offer must have remained unaccepted on the Trading System for the duration of the Day in question.

Amend paragraph 4.5.10 to read as follows:

- 4.5.10 In order for a Post-Emergency Claim to be deemed as valid:
- (a) all of the requirements of paragraphs 4.5.2, 4.5.3, 4.5.6, 4.5.7 and 4.5.8 must have been satisfied;
  - (b) where the Eligible Trading System Point to which the Market Offer relates is a System Exit Point, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 34 (Allocation and Isolation) is declared (and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
  - (c) in all other circumstances, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 45 (Restoration) is declared (and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered); and
  - (d) the User must be a Registered User at the System Point in respect of which the Market Offer is made.

Any claim which does not comply with the above requirements shall be rejected.