

CODE MODIFICATION PROPOSAL No 0337
Introduction of an Inter-Day Linepack Product
Version 1.0

Date: 25/01/2011

Proposed Implementation Date: October 2011

Urgency: Non Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/11700_Urgency_Criteria.pdf)

N/A

1 Nature and Purpose of Proposal (including consequence of non implementation)

Background

Licence Obligation

In February 2010 Ofgem published its Final Proposals Consultation on the National Grid Gas System Operator Incentives. The Authority effected these Final Proposals on the 1st April 2010 through revisions to National Grid PLC's Gas Transporter Licence Special Licence Condition 27 ('C27'): Balancing Arrangements, which in part places an obligation on National Grid NTS to use reasonable endeavours to:

- Develop, in consultation with the industry, a Linepack product by 1st April 2011; and
- If directed to do so by the Authority, implement such product by 1st October 2011.

C27 also provides obligations to update the default System Marginal Buy and Sell Prices (SMP), as stated in Section F of the UNC, by 1st April 2011. For the avoidance of doubt, this Proposal is solely proposing to introduce a Linepack Product to satisfy paragraphs 1 and 2 of C27. Modification Proposal 0333 – "Update of the default System Marginal Buy Price and System Marginal Sell Price" is seeking to update the fixed System Marginal Price differentials and satisfy paragraph 3 of C27.

Review Group 0291 (RG0291) – 'NTS Licence Special Condition C27 – Balancing Arrangements' was initiated in order that National Grid NTS and the industry may develop and assess the feasibility of a recommended approach to both the introduction of a Linepack Product and the default SMP revisions.

Over the course of the RG0291 meetings several proposed Linepack Product options were put forward, by National Grid NTS, for consideration, however National Grid considers that the general consensus of the Group was that only one of the options, the Inter-day Linepack Product bulletin Board, merited further development. The minutes of the

final RG0291 session (10 September 2010) state that, *“the next step was development of business rules and a Modification Proposal, the process of Review was complete. If National Grid wished to share a revised version of the Business Rules prior to formally raising a Modification Proposal, the Transmission Workstream provided an appropriate forum.”*

The recommendation of the RG291 report stated that, *“The Group did not conclude that this review had identified deficiencies in the UNC which meant that a recommendation could be made in support of a Modification. However, it was recognised that potential Modifications could be assessed and developed on their own merits if any UNC party were to raise a Modification.”*

National Grid NTS was mindful that further development of the Linepack Product must be under-taken in conjunction with the industry, if a robust report is to be provided to the Authority for consideration. We believe that the development required does not only relate to the appropriate drafting of proposed business rules, but is also required to:

- address issues associated with the cost versus the benefits of providing the new service.
- address the key measures identified by the review group; and
- respond to other issues outlined below.

With this in mind National Grid NTS has raised this development Proposal. The proposed changes seek to introduce a service through which a new Inter-day Linepack Product can be made available to Users. We request that this Proposal is developed within the Transmission Workstream prior to any decision on the Proposal being sent to consultation.

National Grid NTS considers that raising this development Modification Proposal may also go some way to ensuring that the timescales prescribed by its C27 Licence obligations may be met.

Further Analysis

RG0291 agreed that further development and analysis should be undertaken on the Modification which National Grid NTS is seeking to raise.

The Review Group suggested that the analysis of options should address the following areas;

- “Commercial mechanisms
The Group believed the mechanisms for releasing the proposed product should be as simple as possible, ensuring they were commensurate with the product on offer.
- Interaction with SO Incentives
While outside the scope of the UNC, it was accepted that it would be logical for the present Linepack incentive to be removed were the proposed product to be introduced. While some attendees did not consider it

appropriate for National Grid NTS to be rewarded for making Linepack available, others felt this would be necessary to help ensure that appropriate behaviours and innovation were encouraged.

- DN interaction
Since the scope of the suggested product was NTS only, no direct DN interaction was identified. It was noted that the DNs would not be a user of the product.
- Charging implications
National Grid NTS indicated that supporting charging arrangements would be included as part of the intended Modification.
- IS system impacts
National Grid NTS indicated that systems impacts could not be reliably assessed until the Business Rules were firmer.
- Costs and Benefits
Neither costs nor benefits were quantified by the Group. National Grid NTS indicated that they would expect this to be considered as part of the development process for the Modification they intended to raise.
- ROM/DCA of preferred option
National Grid NTS indicated that a ROM would be provided once the Business Rules were firmer.”

Inter-day Linepack Methodology Statement

The RG0291 report states that, *“The Group indicated that they were not convinced there would be sufficient benefits to justify the costs of implementing this approach, especially if the volume available was limited and only made available at National Grid NTS’s discretion.”*

National Grid seeks to address some of the concerns, documented above, through the publication of an Inter-day Linepack Methodology Statement. The methodology statement seeks to provide the industry with a greater insight into the processes National Grid proposes to undertake as part of its determination of the Inter-day Linepack quantities (both Park and Loan) it can offer each day. National Grid considers that the provision of such information may assist respondents, to this Proposal, in their evaluation of whether there is sufficient benefit in the introduction of the Linepack Product to justify the implementation and on-going operational costs associated with the provision of this new User Pays Service.

We propose that the Methodology Statement is referenced within the UNC, and that it may be updated by National Grid, from time to time, following consultation with the Users.

Interactions with the Residual Balancing Role

We are mindful that the prevailing SO Incentive structure, and any future revisions, may have an impact on the interactions between the Residual Balancing role and the role of the Inter-day Linepack Manager. We believe that through the development of this Proposal some of the issues associated with these interactions may be clarified and in some part appropriately addressed. For the avoidance of doubt the role of the Inter-day Linepack Manager should not be considered as any type of replacement for the Residual Balancing role; these roles would continue as two entirely discreet entities.

FSA considerations

RG0291 noted that the activities proposed to be undertaken by National Grid NTS, as the Inter-day Linepack Manager, may be required to be FSA compliant. National Grid sought legal advice, which determined that FSA compliance would not be required as National Grid's existing derogation is suitable to cover the activities of both National Grid, in its role as the Inter-day Linepack Manager, as well as eligible Users of the Inter-day Linepack Service. *Question; Do we need to make it clear that Users are likely to need to be FSA registered in order to use this service? UNC normal makes the assumption that a User will take account of their legal obligations when performing UNC activities.*

Transparency of Inter-day Linepack values

Under prevailing arrangements the value of Linepack and its utilisation to accommodate Users' daily imbalance positions is believed, by some industry participants, to be opaque. It has been argued that Linepack utilisation for this purpose creates the potential for a misallocation of costs between Gas Days and therefore the potential for a cross subsidy from one User group to another. This Proposal seeks to improve this area of the regime by introducing a mechanism to identify and cost target the use of this product.

Nature of the Proposal

This Proposal, if implemented, seeks to make available an Inter-day Linepack Product. This new service will facilitate the carry-over of a quantity of a User's daily imbalance to the following Gas Day. This may be achieved by the User placing a bid onto an Inter-day Linepack Bulletin Board. The Bulletin Board will be operated and managed by National Grid NTS, who will undertake a new role as the proposed 'Inter-day Linepack Manager'. The product will be released as a discretionary quantity on a daily basis.

The Inter-day Linepack Product may be made available as a 'Park' service; where Users may wish to carry over a quantity of an over-delivered imbalance, or a 'Loan' service; where a User may wish to borrow a quantity of imbalance to cover an under-delivered imbalance. The Inter-day Linepack Manager may release one or both 'Park' and 'Loan' services on a Gas Day.

It is proposed that accepted Inter-day Linepack bids will be transacted through the registration of a matched pair of NBP Trade Nominations on the relevant Gas Day; and a further matched (but opposite) pair of NBP Trade Nominations for the following Gas Day, the latter pair of NBP trade nomination will reverse-out the inter-day Linepack quantity for the following Gas Day, thereby achieving a “carry-over” of the imbalance quantity between the two relevant Gas Days. Both pairs of NBP trade nominations (for the Gas Day and the following Gas Day) will be registered on the Day the bid is accepted.

This service is seeking to introduce greater transparency associated with the value of providing the opportunity to “carry over” an imbalance quantity from one Gas Day to the next, where Linepack has the capability to accommodate such transactions. For the avoidance of doubt this service is not seeking to trade gas between the User and the Inter-day Linepack Manager.

It is proposed that, subject to the User Pays cost recovery mechanism described below, all primary receipts from the sale of the ILP service will be returned to Shipper Users through Balancing Neutrality.

The Business Rules

To help clarify how the proposed service will operated in practice National Grid NTS has drafted the following set of Business rules to support this Proposal.

Inter-Day Linepack Product

Proposed Business Rules V0.2

(in the context of these Business Rules ‘User’ refers to Shipper User and not DN User)

1. Inter-day Linepack Product Overview

1.1. Introduction

1.1.1. The **Inter-day Linepack Product (ILP)** furnishes Users with the ability to undertake an inter-day transfer of a specified energy quantity.

~~1.1.1.1.1.2.~~ 1.1.1.1.2. There are two types of ILP, which can be represented as a ‘Park’ and a ‘Loan’ product.

(a) ‘Park’ product – represents an inter-day transfer, from one Gas Flow Day to the next, of a positive quantity of energy.

~~(a)~~(b) ‘Loan’ product – represents an inter-day transfer, from one Gas Flow Day to the next, of a negative quantity of energy.

1.2. When made available, the ILP will be released within-day by National Grid NTS through the market mechanism detailed below.

2. The Inter-day Linepack Bulletin Board

2.1. Introduction

- 2.1.1. The ILP will be made available on the **Inter-day Linepack Bulletin Board**.
- 2.1.2. The Inter-day Linepack Bulletin Board will be operated by the **Inter-day Linepack Manager** (or the Inter-day Linepack Manager's agent).
- 2.1.3. Separately for each of the Park and Loan products, the Inter-day Linepack Bulletin Board will show bid quantities, bid prices, quantities made available, and release times.
- 2.1.4. The identity of a User bidding on the Inter-day Linepack Bulletin Board will not be disclosed to other Users.

2.2. The Linepack Manager

- 2.2.1. National Grid NTS will be the Inter-day Linepack Manager (ILM) for the purposes of;
 - (a) determining the amount of ILP available for release (based on a published methodology); and
 - (b) operating the Inter-day Linepack Service (accepting bids on the Inter-day Linepack Bulletin Board)
- 2.2.2. The ILM will have an UK Link account, but will not be subject to cashout charges and balancing neutrality, and any imbalances it creates will be suppressed.
- 2.2.3. The ILM will be the counterparty to all accepted ILP transactions on the Inter-day Linepack Bulletin Board.

2.3. Inter-day Linepack Methodology Statement

- 2.3.1 The methodology associated with the services provided by the ILM, in particular the determination of Inter-day Linepack Product quantities to be made available at each release, are contained in the 'Inter-day Linepack Methodology Statement', which is the document so entitled, published and revised from time to time by National Grid NTS (following consultation with Users), and such document does not form part of the UNC."

2.4. Access to the Inter-day Linepack Service

- 2.4.1. A User may place up to 10 bids on the Inter-day Linepack Bulletin Board for each release subject to a minimum bid size of 100,000kWh.

2.5. Product Release

- 2.5.1. When made available by the ILM, ILP shall be released

within-day for the Gas Day.

- 2.5.2. When ILP is to be made available, the ILM will initiate at least one release of the ILP within a Gas Day.
- 2.5.3. When the ILM has accepted bids, the associated NBP trades shall be completed before the end of the Gas Day relevant to the trade.

2.6. Posting ILP Bids

- 2.6.1. A User may post (and withdraw) bids on to the Inter-day Linepack Bulletin Board from 7 days prior to the relevant Gas Day up to the prescribed time of the release of the ILP.
- 2.6.2. Bids are subject to a zero reserve price i.e. negatively priced bids will be rejected.
- 2.6.3. All relevant posted bids which are posted prior to the time of the first (or only) ILP release for the Gas Day will be included in the first (or only) ILP release allocation process.
- 2.6.4. The remaining quantity associated with any bids which are not wholly accepted in an ILP release allocation process will be carried forward to the next ILP release allocation process within that Gas Day, where relevant, subject to not having been withdrawn and remaining greater than the minimum size.
- 2.6.5. Bids for further releases within the Gas Day may be posted after the Bid Evaluation Period as defined in paragraph 2.9.
- 2.6.6. A bid can either be accepted by the ILM, or at the end of the relevant Gas Day the bid will expire and be dropped from the bid list.
- 2.6.7. Once a bid is posted no changes can be made to the bid (but the bid may be withdrawn).

2.7. Submitting Bids information

- 2.7.1. Where the User places a bid onto the Bulletin Board; the User shall;
 - (a) Indicate whether a 'Park' or 'Loan' product is required, and the required ILP release allocation day
 - (b) Specify price (pence per kWh) to 4 decimal places.
 - ~~(b)~~(c) Specify Quantity (kWh)
 - (d) Indicate whether the bid may be partially accepted subject to a minimum acceptable quantity of 100,000 kWh
 - ~~(d)~~(e) User ID, which will be visible only to the ILM and

the User.

2.8. For the avoidance of doubt the identity of the bidding Users will not be disclosed pursuant to paragraph 2.6 and 2.7 to other Users.

2.9. Timing of Release

~~2.9.1.~~ $\frac{1}{2}$ hour prior to each ILP release National Grid NTS will notify Users of the ~~expected~~ indicative volumes available for the 'Park' product and for the 'Loan' product, in the relevant release.

~~2.9.1.~~

~~2.9.2.~~ In accordance with the Inter-day Linepack Methodology Statement section 4; in the event that, during the $\frac{1}{2}$ hour period between ILP quantity notification and ILP release, there is an unanticipated or unforeseen material change in available Linepack that may have resulted from either or a combination of the following:

- System Incident (i.e plant / pipeline failure)
- Off system i.e. changes in Storage Flow Notification (SFN), Offtake Profile Notification (OPN), Delivery Flow Notification (DFN); or
- Declaration of a gas supply emergency

NGG may not be in a position to continue to offer the indicative volumes for release.

~~2.9.3.~~ Where para 2.9.2 applies NGG will notify Users of the reason for the determination, associated with being unable to continue to offer the indicative volume, at the preceding Operational Forum.

~~2.9.2.2.9.4.~~ There will be ~~a maximum of~~ four ILP releases during the Gas Day (see Para ~~2.89.5.7~~ below).

~~2.9.3.2.9.5.~~ The ILP will be released at defined times as prescribed below:

Release 1	Release 2	Release 3	Release 4
13:30	16:30	19:30	23:00

2.10. Bid Evaluation Period

2.10.1 The Bid Evaluation Period is a period in which the ILM evaluates ~~and accepts~~ Inter-day Linepack Bids in accordance

with these Business Rules.

2.10.2 The Bid Evaluation Period will commence at the time that an Inter-day Linepack release is initiated.

2.10.3 The ILM will secure that the Bid Evaluation Period is not longer than is reasonably necessary to enable the ILM to carryout the actions described in paragraph 3.

2.10.4 During a Bid Evaluation Period Users may not post or withdraw 'Available' Inter-day Linepack bids.

2.10.5 For the purposes of these Business Rules an Inter-day Linepack Bid is 'Available' where the Inter-day Linepack Bid is made before the start of the Bid Evaluation Period (Release).

3. Bid Acceptance process

3.1. During the Bid Evaluation Period the ILM will undertake the Bid acceptance process.

~~3.2. The bid acceptance process will be carried out in the shortest time practicable, but in any case within [½ hour] of the closure of the Release time stated in Para 2.9.3.~~

~~3.3.~~

~~3.4. The outcome of the bid acceptance process will be made available to the bidding User within a [1½ hour] following the relevant release time stated in paragraph 2.9.5 bids acceptance.~~

~~3.5.~~

~~3.2.~~

~~3.4.3.3.~~ Acceptance Criteria

~~3.4.1.3.3.1.~~ Bids, for each product-type ('Park' and 'Loan') ~~separately~~, will be stacked ~~separately~~ in descending price order.

~~3.4.3.~~ Subject to paragraph 3.3.1 where there are two or more equally Highest price to lowest price

~~3.4.3.~~

~~3.4.3.3.2.~~ In relation to two equal-priced bids, these bids will be additionally stacked in time-stamp order, with earliest time-stamp first.

Netting Off Bid Acceptance Process

~~3.6.5.~~ Prior to the ILM accepting bids against the Inter-day Linepack Product released: all quantities of Available 'Park' and 'Loan' bids, which can be netted off to an equal quantity, will be accepted.

~~3.3.3.~~

3.3.4. Subject to paragraph 3.3.3 (subject to minimum bid size??) where any remaining equal quantity that is available, but is less than the next bid quantity, such a bid will be partially accepted up to the remaining net-off quantity available.

3.3.5. Where the amount in respect of any bid pursuant to paragraph 3.3.4 has **not** indicated that it may be partially accepted, the ILM will not accept the bid, and ~~will accept~~the process will move on to assess the next eligible ~~preceding~~ bid.

3.3.6. All unallocated bids following the netting off process will be included in the ILP bid acceptance process.

ILP Release Bid Acceptance Process

3.3.7. Following the netting off bid acceptance process the ILM will accept bids remaining on the Inter-day Linepack bulletin board in accordance with paragraph 3.3.1 and 3.3.2. and Bid acceptance will proceed until all Inter-day Linepack release quantity has been allocated.

3.3.8. Subject to 3.3.7 (subject to minimum bid size??) where any remaining ILP release quantity is less than the next bid quantity, such a bid will be partially accepted up to the remaining ILP release quantity available.

3.3.9. Where the amount in respect of any bid pursuant to paragraph 3.3.8 has **not** indicated that it may be partially accepted, the ILM will not accept the bid, and will ~~accept~~move on to assess the next eligible ~~preceding~~ bid.

~~The ILM will accept bids for each quantity of product type made available in the release:
In price order.
Highest price to lowest.
The earliest posted bid will be accepted if price is the same.~~

~~4.~~

5.4. Post bid acceptance process

Where the ILP bid is accepted the associated transactions will be effected as NBP trades.

5.1.4.1. Automated Nominations

~~5.1.4.1.1.~~ All ILP trade nominations will be automatically generated by the UK link system.

6.5. Information Provision

6.1.5.1. Within [1hour] of each ILP release, National Grid will publish:

5.1.1 In relation to the ILP Park product:

projected amount available, amount bid for, amount accepted, price range of accepted bids and volume weighted average prices of accepted bids.

5.1.2. In relation to the ILP Loan product:
projected amount available, amount bid for, amount accepted, price range of bids accepted, volume weighted average price of accepted bids.

~~6.2.5.2.~~ The identity of the bidding Users will not be disclosed pursuant to paragraph 5.

7.6. Invoicing and Charging

~~7.1.1.6.1.1.~~ The value (financial) of the accepted bid will be calculated as the accepted bid quantity multiplied by the bid Price (i.e. pay as bid).

~~7.1.2.6.1.2.~~ The ILP bid payments will be made through an Energy Balancing invoice item in-accordance with Section S of the UNC.

~~7.1.3.6.1.3.~~ Receipts from the ILP bid payments will be included within the Adjustment Neutrality process for the Gas Day when the product was allocated.

7. The making available of a specified Inter-day Linepack quantity should not in itself and at the time, give rise to an Operational Balancing Requirement (but it is recognised that such quantities may contribute to any such requirements at any later time.)

2

User Pays

a) Classification of the Proposal as User Pays or not and justification for classification

It is proposed that this Proposal meets the User Pays classification and introduces a new User Pays service and associated User pays charges.

As previously stated this Proposal seeks to introduce and charges for a new Inter-day Linepack service which enables Users to utilise Linepack as an additional balancing tool to manage their end of day imbalance position. Therefore the introduction of such a tool will benefit Shipper Users and we therefore consider that this new proposed service meets the criteria of a User Pays service.

Additionally the Proposal seeks to introduce greater transparency in the value of Linepack utilisation, it seeks to reduce the potential for a cross subsidy between EoD Linepack utilisation and balancing costs by enabling Users to undertake their primary balancing role through the utilisation of Linepack.

We consider that the introduction of this additional Shipper balancing tool

and the potential reduction in cross-subsidy of costs associated with Linepack utilisation is to the benefit of both the Users who utilise the service and those who receive the additional Balancing Neutrality revenues that may result from the redistribution of the revenues from the sale of Inter-day Linepack Product. .

b) Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification

For the reasons described above we believe that if implemented this Proposal primarily represents a benefit to Users should they wish to utilise the service. We therefore consider that this Proposal is 100% User Pays and that such costs should be recovered from Users as proposed in section (c) below.

c) Proposed charge(s) for application of Users Pays charges to Shippers

Development and Implementation costs

Option 1 – Costs will be recovered as a ‘one off’ charge to all Shipper Users able to utilise the service. A charge will be made to recover these costs based on the Shipper User’s proportion of all Shipper Users’ aggregate throughput for the 365 days preceding the commencement of the Inter-day Linepack service.

Option 2 – Development and Implementation Costs – These costs will be recovered from users of the service. The Inter-day Linepack auction revenue will fund all development and implementation costs and will be recovered from the commencement day of the service to the point at which all such costs are recovered.

Based on conservative projections of service take up, we estimate that the development and implementation costs could be recovered within [4–1 years]. The estimate is based on National Grid releasing an average of 2 MCM each day, with predicted bid prices based on 2009/10 SAP to Day ahead SAP price spread.

In the event that after 4–1 years the proposed recovery period the relevant costs have not been met, any outstanding costs will be recovered from all Shippers Users assigned to the UNC at that time based on their proportion of all Users’ aggregate throughput over the 4–1 year period.

Xoserve ongoing annual operating charges

Option 1 - Ongoing operational costs will be recovered through an annually fixed transaction charge (p/kWh). The charge will be applied to each kWh of product purchased during the relevant year and billed monthly.

Any over recovery of the annual operating charges will be credited back to those who have bought the service that year as a ‘one-off’ invoice adjustment at end of year. Any under-recovery will be recovered via

balancing neutrality in the month following the anniversary of the charge being set.

Option 2 - Ongoing annual cost recovered through the Inter-day Linepack Auction revenue. Cost recovery to be apportioned over the year.

Any over or under recovery will be smeared back to Balancing Neutrality Users based on their proportion of throughput over the relevant year.

d) Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from xoserve

Development and Implementation costs

Option 1: UNC transitional arrangements will be required to accommodate a one off charge to recover development and implementation costs from all Shipper Users.

Option 2: UNC transitional arrangements will be required to accommodate recovery of costs through Auction revenue.

Xoserve Ongoing annual system support charges

Option 1: New UNC arrangements will be required to facilitate annual ongoing system support costs recovery through transaction fee charged to users of the Inter-day Linepack Service.

Option 2: New UNC arrangements will be required to facilitate annual ongoing system support cost recovery through auction revenue, prior to smearing revenue to Balancing Neutrality Users.

3 Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 and 2 of the Gas Transporters Licence

National Grid considers that the intent of the Modification Proposal is to introduce a new service that seeks to achieve two principle objectives:

- The introduction of a mechanism through which Linepack may be valued; and
- The introduction of an additional balancing tool for Users to manage their End of Day imbalance positions.

We therefore believe that in the absence of any potential effects associated with:

- uncertainties relating to the quantity of product made available each day;
- uncertainties relating to possible revisions of the SO - Linepack Incentive scheme; and
- uncertainties associated with development, implementation and operational costs;

the proposed changes may represent improvements to the relevant

objectives, in so far as;

The introduction of an additional balancing tool through which Users may manage their EoD balance position may better facilitate **SSCA11.1(d): So far as is consistent with sub-paragraph (a) to (c) the securing of effective competition.**

National Grid NTS is however mindful that in practise these improvements may be marginal and should be balanced against the uncertainties stated above.

Additionally this Proposal seeks to make available a new Linepack Product which satisfies the National Grid NTS Special Standard Licence condition 27 and therefore demonstrate the efficient discharge of the Licence obligation.

4 **Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text**

UK Link System Impacts

In respect of the UK Link system changes required to support the implementation of this Proposal, and based on the business rules provided with this Proposal, **Xoserve has provided a Rough Order of Magnitude (ROM) Analysis which estimates costs as:**

- o **The development and implementation costs at least ~~£758k~~£213k, but probably not more than ~~£106k~~£288k per annum**
- o **Ongoing Application Support will cost at least ~~£37k~~£6k, but probably not more than ~~£106k~~£22k per annum**

Operational Impacts

We anticipate that the proposed changes will require National Grid NTS to appoint an Inter-day Linepack Manager to operate and manage the Inter-day Linepack Bulletin Board. This implementation of this Proposal may also require the introduction new operational processes and procedures which support the registration of the trade nominations associated with accepted bids on the ILP Bulletin Board.

Proposer Open Letter

National Grid intends to publish an Open Letter seeking industry views on how a Linepack product may be used. This information will help in the developing the expected benefits on the introduction of the proposed Inter-day Linepack Product.

Business Rules

Provided in section 1

5 **Code Concerned, sections and paragraphs**

- a) Uniform Network Code
- b) Transportation Principal Document

Section(s) TPD section D – Operational Balancing and Trading Arrangements and E
– Daily Quantities, Imbalance and Reconciliation

Proposer's Representative

Malcolm Arthur (National Grid NTS)

National Grid NTS