

Modification 407 – Options for NTS to apply the 2 hour 5% rules



National Grid Transmission

Mod 407 Workgroup (26 Jan)

- W&W indicated that they are considering amending Mod 407 to introduce flexibility to apply the current 2 hour 5% rule to allow Consumer's needs to be met majority of the time
- Initial NTS strawman options presented
 - Difficult days/GBAs – Margins Notice and/or Gas Deficit Warning
 - High/low demand days – national or local (as agreed in advance by industry participants)
 - Manage OAD 2 hour 5% rule the same as UNC TPD J4.5.6 and 4.5.7
 - Section J rules allow NTS to accept a changed rate of offtake with a reduced notice period, as long as it does not give rise to an Operational Balancing Requirement

GDN feedback

- Option 3 supported by UKD in Mod 407 workgroup – “appeared to be the best short-term solution along side some advanced notification”
- W&W and NTS liaison meeting (Jan 31st) – brief discussion on Mod 407/option 3
 - An advance day ahead notice would help them to manage communication to their customers
 - Saw merit in a simple day ahead on/off rule but accepted that such a day ahead notice may increase the likelihood of the rule being on
 - Would also like to see that NTS could turn the rule off (within day) if it was appropriate to do so
 - Asked for an NTS view on how often the rule would be applied under any proposed methodology/options

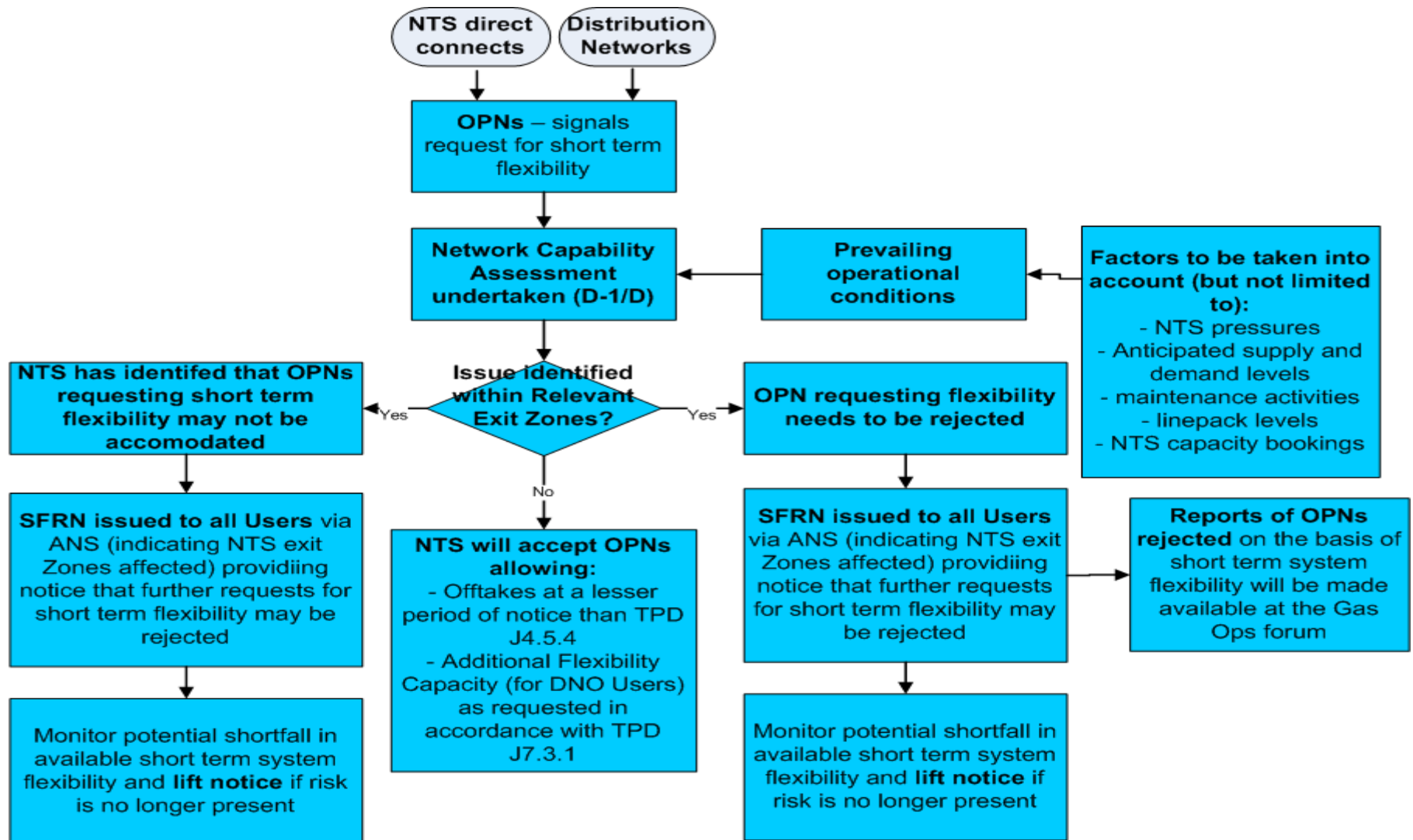
Management of the rule by NTS

- System Flexibility Restriction Notice are issued in accordance with the **Short Term Access to System Flexibility Allocation Methodology** produced in accordance with UNC TPD Section J7.3.2 by National Grid NTS.
<https://www.nationalgrid.com/uk/Gas/OperationalInfo/NTSExitZones/>
- Methodology outlines principles by which NTS will make short term access to system flexibility available to Users, over and above the Users prevailing entitlements
- The current version of the methodology came into force on the 1st of October 2012 to reflect changes made to support Exit Reform.
- Two System Flexibility Restriction Notices have been issued since and only a small number were issued under the 6 years of the previous methodology (pre Exit Reform).

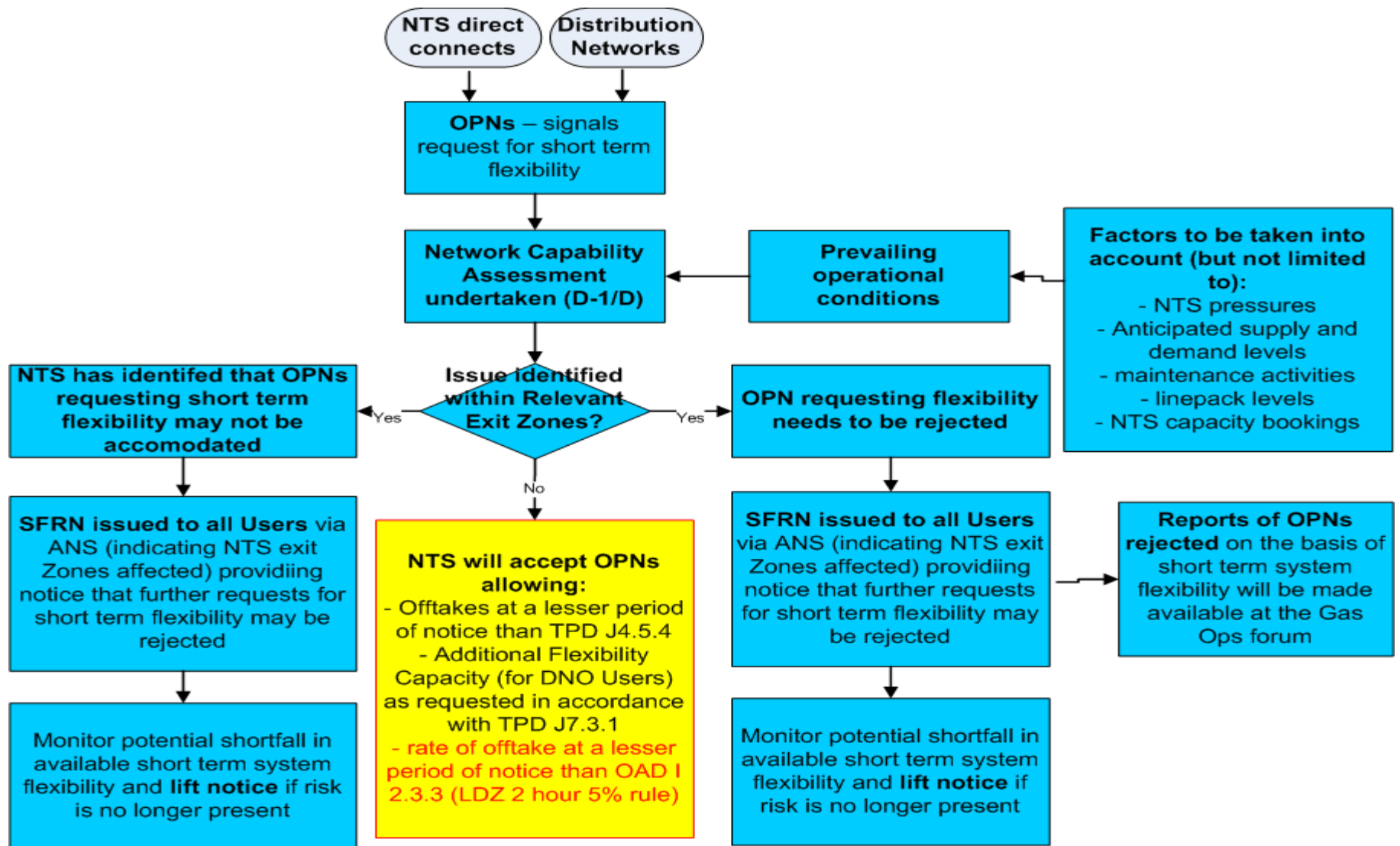
NTS review of methodology

- Mod 407 System Flexibility Transmission Work Group has been reviewing the methodology to assess how the LDZ 2 hour 5% rule could be included and the use of additional advance notices
 - Option 1 - Methodology amended to include LDZ 2hr.5% rule
 - Option 2 - Option 1 and day ahead advance notice [D-1 18:00 to 22:00]
 - A. Day ahead notice to turn the 2 hour 5% rule on - NTS has identified that OPNs for LDZ offtakes requesting short term flexibility will not be accommodated
 - B. Advance warning notice from NTS that LDZ offtakes short term flex requests may not be accommodated [rule not on at that stage]

System Flexibility Allocation Methodology - ASIS



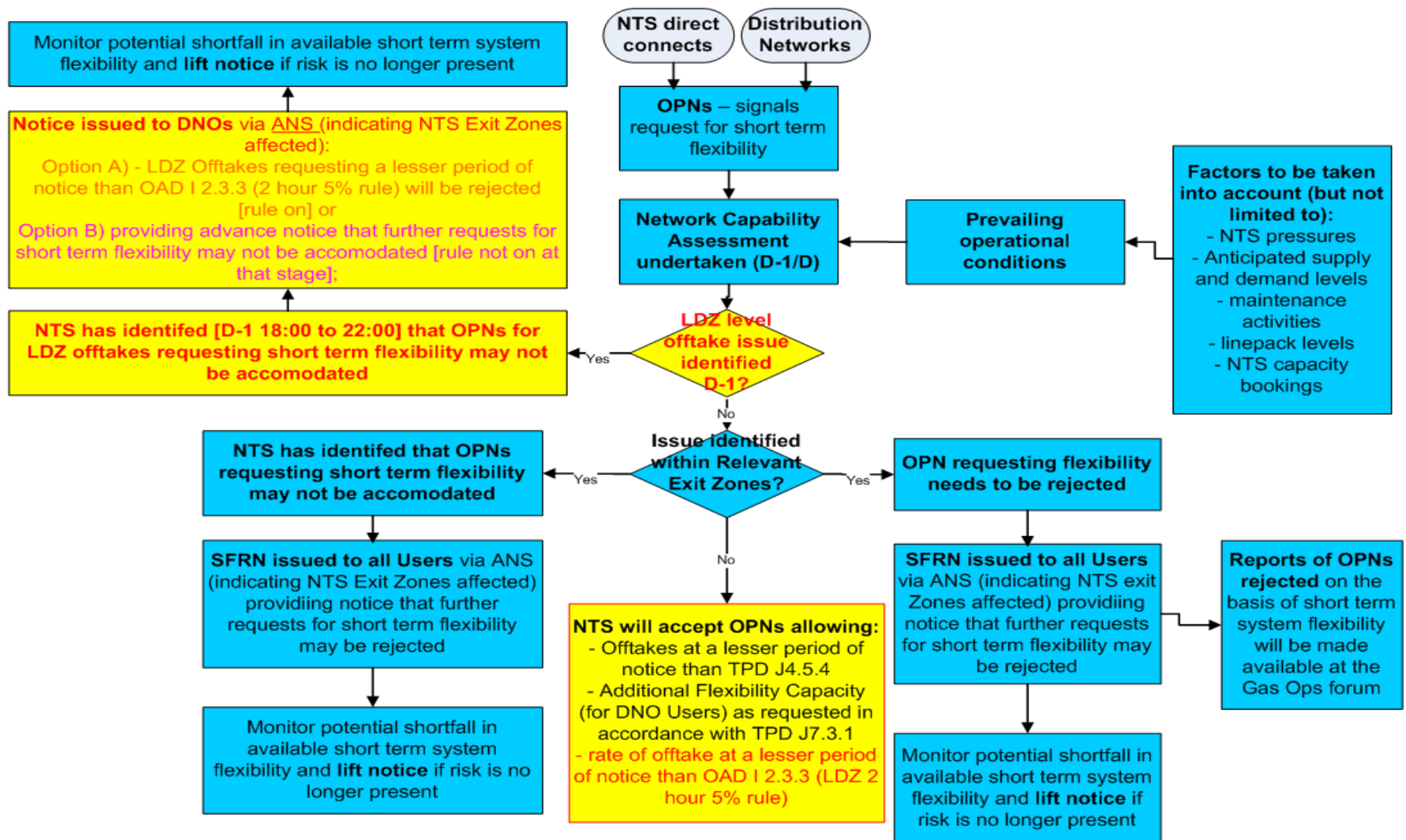
Option 1 - Methodology amended to include LDZ rule



Option 1 Pros and cons

Advantages	Disadvantages
<ul style="list-style-type: none">• Minimal changes required to the methodology to accommodate LDZ rule• Consistent with approach to requests from individual offtakes (including Direct Connected Power Stations), for changes in the rate of offtake for a lesser period of notice (1, 2, 4 hour rule)• Where an OPN is rejected or NTS foresee short term system flex issues, Notices are issued to all Users providing advance [1/2 hour to 1 hour] notice that an OPN requesting system flexibility may be rejected• The number of SFRNs issued and OPNs rejected historically has been low [2-4 per annum]	<ul style="list-style-type: none">• Provides no specific advance warning notice day ahead to GDNs/consumers with regards to whether the 2 hour 5% rule is to/may be applied within the gas day• GDN compliance may be difficult as a result

Option 2 - Day ahead advance notice



Option 2a (Rule on notice) - Pros and cons

Advantages	Disadvantages
<ul style="list-style-type: none">• Provides specific advance warning notice day ahead to GDNs/consumers with regards to whether the 2 hour 5% rule is on• GDN compliance with rule expected to improve• May drive improvements in OPN and demand forecasting accuracy	<ul style="list-style-type: none">• GNCC procedures and enhanced network assessment capability required• In some cases [system constraints] NTS may need to request a GDN to increase the rate of offtake, when the rule prevents this• The number of days the rule could be on is estimated at between 2% and 5% of days<ul style="list-style-type: none">• depends on quality of OPNs/demand forecasts

Option 2b (advance warning notice) - Pros and cons

Advantages	Disadvantages
<ul style="list-style-type: none">• Complements current methodology• Provides specific advance warning notice day ahead to GDNs/consumers with regards to whether the 2 hour 5% rule may be applied• The notice does not conflict with requests to GDNs to increase a rate of offtake [system constraints]• GDN compliance with rule expected to improve• May drive improvements in OPN and demand forecasting accuracy• OPNs would not be rejected unnecessarily as the current methodology would still apply	<ul style="list-style-type: none">• GNCC procedures and enhanced network assessment capability required• The number of days the advance notice could be issued is estimated at between 2% and 5% of days<ul style="list-style-type: none">• depends on quality of OPNs/demand forecasts