

Revisions to the EPDQD after D+5

Transmission Workgroup

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The Issue

- UNC states that EPDQD (i.e. the measured quantity in respect of an NTS entry point) shall not be revised after D+5
- National Grid NTS has been facilitating revisions to the EPDQD after D+5 in order to help facilitate accurate allocations for shippers at NTS entry points
- We want to establish the best way forward to ensure that all parties remain compliant with their UNC and bilateral contract obligations
- A number of sub-terminal operators (STO's) have suggested that in certain circumstances they cannot meet D+5 deadline for revisions
- However, initial communications have suggested that amending the D+5 deadline would inflict significant burden on industry processes via CVA system & agreement changes

Our Process

- On Ofgem's recommendation we have gathered evidence from entry sub-terminals to inform how we are going to resolve this issue
 - Initially carried out phone interviews with 5 sub-terminals
 - Received written feedback from 2 sub-terminals
- Transmission Workgroup requested that we contact all sub-terminals
 - We distributed a survey to all NTS Entry Points (including storage)
 - Presented at the Gas Operational Forum
- We have collated and summarised the responses, and shared this summary with Ofgem

Feedback

- 11 sites provided feedback to us on the D+5 timescale
 - 7 felt D+5 is not a challenging timescale
 - 3 felt it is challenging
 - 1 site was 'on the fence'
- The reasons for late amendments were cited as due to:
 - Human Error
 - Complex mis-measurements
 - Meter errors
 - System errors
 - People on leave
 - National Grid error
- Regardless of how issue is progressed, we intend to review National Grid processes to ensure they are robust

Conclusions

- Based on the feedback received, we have outlined the following statements:
 - There is currently no penalty or incentive on shippers to meet D+5
 - The incentive to meet the D+5 timescale falls largely upon National Grid (Compliance with UNC)
 - Late amendments to the EPDQD data will happen, regardless of any extension made to the deadline
 - Playing 'hardball' by enforcing a strict (D+5) deadline will result in an adverse impact on the market and consumers (cost reflectivity of gas allocation)
 - Amending D+5 is not widely supported and will have financial impacts (CVA process changes)
 - There is limited evidence to prove why D+5 isn't appropriate
- Therefore:
 - We need to find a way to incentivise sub-terminals (non-UNC parties) to provide their data by D+5
 - Whilst also allowing amendments to be accepted after this timescale

Options/Recommendation

- **Option 1:** Amend UNC to extend the D+5 deadline to one which is more consistent with industry processes
- **Option 2:** Amendments after D+5 timescale no longer accepted
- **Option 3.1:** Retain the D+5 timescale, but modify UNC to include a degree of flexibility for NG & CVA to agree to a proposed amendment up to M+[15?]
- **Option 3.2:** Retain the D+5 timescale, but modify UNC to add a financial incentive for amendments to be submitted on time.
- **Option 3.3:** Retain the D+5 timescale, but modify UNC to add a reporting obligation for amendments submitted after D+5.

- We plan to discuss our conclusions with Ofgem in order to outline the associated risks inherent within each of the above options, and what level of incentivisation may be required.