

## Stage 02: Workgroup Report

# 0412:

## Changes to the Stages of Emergency Resulting from Changes Introduced by Exit Reform

At what stage is this document in the process?

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

This modification proposes to change the Stages of Emergency described within UNC TPD Section Q to improve consistency in the management of an Emergency following review of the changes introduced by the Enduring Exit Regime. These changes match the proposed Network Emergency Coordinator (NEC) and System Operator Safety Cases.



The Workgroup recommends that this modification should now proceed to Consultation.



High Impact: National Grid Transmission



Medium Impact: -



Low Impact: Distribution Networks and Shippers

0412

Workgroup Report

23 April 2012

Version 0.1

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### 3 **Any questions?**

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## About this document:

The purpose of this Report is make a recommendation to the Panel, to be held on 17 May, on whether Modification 0412 is sufficiently developed to proceed to Consultation and to submit any further recommendations in respect of the definition and assessment of this modification.

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# 1 Summary



## Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

## Why Change?

The changes introduced (specifically the removal of Interruptible NTS Supply Points) by the enduring exit regime change the nature of Transporters' actions in managing a Gas Supply Emergency. Therefore a change to the Network Emergency Coordinator (NEC) Safety Case has been raised to reflect the implementation of the enduring exit regime. To mirror the proposed changes in the Safety Case, a change to the UNC is required.

## Solution

This modification proposes to rationalise the Transporters' steps to manage a Network Gas Supply Emergency thereby ensuring that UNC Section Q reflects the revised sequence of actions to be taken by Transporters during an Network Gas Supply Emergency post implementation of UNC Modifications 0090 and 0195AV and detailed in the proposed changes to the NEC Safety Case.

## Impacts and Costs

No impacts to central systems are anticipated. This modification is intended to inform Users of the revisions to the Transporters' processes for managing Network Gas Supply Emergencies, keeping the NEC Safety Case and UNC aligned. Since the NEC Safety Case would take precedence over the UNC in an emergency, no impact on processes or procedures is anticipated as a result of implementation.

## Implementation

While no specific implementation timescale is proposed, it would be desirable for the change to be in place by 01 October 2012 such that the UNC and NEC Safety Case are aligned when the exit reform changes come into force.

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### Enduring exit reform

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Enduring exit reform is the Capacity Booking process introduced under Modification 0195AV.

## The Case for Change

This modification proposes to modify the steps of an Emergency described in TPD Section Q of the UNC to reflect the changes proposed in the revised NEC Safety Case that has been submitted to the Health and Safety Executive (HSE). This in turn reflects the new enduring exit regime introduced by Modifications 0090 and 0195AV. Aligning the UNC with the NEC Safety Case will provide clarity regarding the process to be followed in an emergency. Implementation would therefore promote efficient implementation and administration of the UNC.

## Recommendations

The Workgroup considers this modification should proceed to Consultation.

## 2 Why Change?



### What is the OCM?

The OCM is the On-the-day Commodity market, managed by independent market operator (currently APX Gas UK).

### Changes resulting from Exit Reform

During a review of the changes to the NEC Safety Case to reflect the nature of the new commercial regime introduced by Modifications 0090 and 0195AV, National Grid NTS identified a requirement to amend UNC TPD Section Q to ensure it remains aligned to the proposed changes to the NEC Safety Case.

In considering the impact of Modifications 0090 and 0195AV, it is prudent to consider UNC TPD Section Q, which describes, within paragraph 3, the various stages of Emergency which the Network Emergency Coordinator can declare. Section Q3 goes on to describe the various steps that Transporters can carry out to manage an Emergency to an effective resolution.

The UNC currently describes 5 stages of Emergency:

- Stage 1 steps include: Emergency Interruption, maximum usage of line-pack flexibility, utilisation of DN storage and emergency specification gas, and public appeal to reduce demand.
- Stage 2 steps include: Maximisation of User delivery to System Entry Points and suspension of National Grid NTS's taking Market Balancing Actions on the OCM.
- Stage 3 steps include: Shedding of firm demand.
- Stage 4 steps include: Direct allocation of gas supply by National Grid NTS to each Distribution Network.
- Stage 5 steps include: Return to normal operation.

Changes introduced in the management of a Network Gas Supply Emergency as a result of the enduring exit regime impact the Transporters' nature and timing of actions, in that from October 2012 no Interruptible NTS Supply Points are available (Off-peak NTS Exit Capacity is available, but the scale-back of such Off-peak NTS Exit Capacity prior to D limits its use to manage a Network Gas Supply Emergency). This has resulted in National Grid NTS and the NEC reviewing the stages of a Network Gas Supply Emergency to ensure that the current level of safety is maintained whilst at the same time the actions described in the various Safety Cases and UNC TPD Section Q remain reflective of the actions that would be taken to manage a Network Gas Supply Emergency.

## 3 Solution

This modification proposes to change the Emergency steps (as described in UNC Section Q 3). The change proposed is to merge together the current stages 2 and 3. As this proposal effectively leaves only 4 stages the existing stages 4 and 5 will be renumbered to stage 3 and 4 respectively.

The proposal is to move Firm Load Shedding to stage 2. This will ensure that the Transporters are able to efficiently manage a Network Supply Emergency following the full implementation of Mod 0900 and 0195AV.

This modification also proposes to change references to Interruption throughout Section Q to clarify that all steps to carry out interruption refer to activation of Distribution Network (DN) Interruptibles only (if Off-peak NTS Exit Capacity continues to flow it will be bypassed directly to steps in Stage 1, 2, etc.).

This modification further proposes a non-material clarification to Section Q 1.2.3 where "...and a reference to a Network gas Supply Emergency includes..." should be changed to read "Network Gas Supply Emergency includes...".

## 4 Relevant Objectives

Impact of the modification on the <b>Relevant Objectives:</b>	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators	None

This modification proposes to align the UNC with the proposed NEC Safety Case in order to reflect the enduring exit regime introduced by Modifications 0090 and 0195AV. While this will not impact the steps taken in practice, since the NEC Safety Case would in any event take precedence, aligning the two will help to ensure all parties are clear about the steps to be taken. Aligning the UNC with the NEC Safety Case, and providing increased clarity, is consistent with promoting efficiency in the implementation and administration of the Code.

## 5 Impacts and Costs

### Consideration of Wider Industry Impacts

Under the Terms of Reference, the Workgroup was tasked with:

- consideration of the impact on DNO interruptible connections and how they may be affected by the modification; and
- consideration of the proposed NEC safety case changes that this modification is seeking to mirror.

The Workgroup clarified that the modification will have no impact on DNO interruptible connections since the arrangements that apply to them are unchanged by the modification. However, it emerged that there is some uncertainty in the market regarding the status of DNO connections that have agreed contractual terms for interruption in the event of a local transportation constraint and whether they should be face early interruption in the event of an emergency. While beyond the remit of this modification, it was recognised that it would be advantageous for this to be clarified.

National Grid NTS provided a presentation on the proposed NEC Safety Case changes, and the process that had been followed to keep Users informed of the changes. This is available at [www.gasgovernance.co.uk/0412/010312](http://www.gasgovernance.co.uk/0412/010312).

### Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
This modification is not proposed as User Pays since no central systems changes are impacted, and no User Pays service is to be created nor amended.
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
N/A
Proposed charge(s) for application of Users Pays charges to Shippers
N/A
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve
N/A



## Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	None
Operational Processes	Increased clarity regarding the stages of an emergency
User Pays implications	None

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	Increased clarity regarding the stages of an emergency.
Development, capital and operating costs	None
Contractual risks	None
Legislative, regulatory and contractual obligations and relationships	Increased clarity regarding the stages of an emergency

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	None
Development, capital and operating costs	None
Recovery of costs	None
Price regulation	None
Contractual risks	None
Legislative, regulatory and contractual obligations and relationships	Increased clarity regarding the stages of an emergency
Standards of service	None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	None
UNC Committees	None
General administration	None



### Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

### **0565 Transco Proposal for Revision of Network Code Standards of Service** at the

following location:

<http://www.gasgovernance.co.uk/sites/default/files/0565.zip>

Impact on Code	
Code section	Potential impact
UNC TPD Section Q	Simplification of stages of Emergency and increased efficiency in applying steps.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None
Storage Connection Agreement (TPD R1.3.1)	None
UK Link Manual (TPD U1.4)	None
Network Code Operations Reporting Manual (TPD V12)	None
Network Code Validation Rules (TPD V12)	None
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	None
Uniform Network Code Standards of Service (Various)	None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	Consistency between the actions described in the proposed changes to the NEC Safety Case and the actions described in TPD Section Q of the UNC.
Gas Transporter Licence	None

Other Impacts	
Item impacted	Potential impact

Security of Supply	Increased clarity regarding the stages of an emergency.
Operation of the Total System	None
Industry fragmentation	None
Terminal Operators, Consumers, Connected System Operators, Suppliers, producers and other Non-Code Parties	None

## 6 Implementation

The Modification 0195AV Enduring Exit Regime will be fully implemented from 01 October 2012, and changes to the NEC Safety Case are scheduled to take effect at the same time. While no specific implementation timescale is proposed, implementation on 01 October 2012 would ensure that the UNC and NEC Safety Case are aligned when the exit reform changes come into force.

## 7 The Case for Change

Nothing in addition to that identified above.

## 8 Legal Text

### Draft Text

Draft Legal Text has been prepared by National Grid NTS and published alongside this Report.

The Workgroup noted that the draft text includes UNC amendments which are not referenced in the Modification, and suggested that the modification should be amended to mirror the draft text.

## 9 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for Consultation.