Joint Office of Gas Transporters

Stage 02: Workgroup Report

0415:

Revision of the Gas Balancing Alert Arrangements

At what stage is this document in the process?

01 Modification

02 Workgroup Report

03 Draft Modification Report

04 Final Modification Report

This modification seeks to introduce revisions to the GBA arrangements, which will provide an improved signal, to the industry, for timely market response on days where a Supply/Demand deficit is forecast.

The Workgroup recommends that this modification should proceed to Consultation.

High Impact: Transporters and Shippers

Medium Impact: End Consumers

Low Impact: -

Contents

About this document:

The purpose of this report is make a recommendation to the Panel, to be held on 17 May 2012, on whether Modification 0415 should proceed to Consultation and to submit any further recommendations in respect of the assessment of this modification.

Any questions?

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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 intent of the GBA arrangements is to inform industry parties of a near term requirement to redress forecast system imbalance. Feedback following GBAs issued during winter 2010/11 indicated that the arrangements may not be as effective as intended. An issues group was initiated to discuss several potential enhancements to the GBA arrangements and the outcome of discussions resulted in the revisions put forward in this modification.

Solution

This Proposal seeks to introduce revisions to the GBA arrangements as follows:

- Replace the current term 'GBA' with two discrete terms (current day ahead and within day GBA signals are determined as outputs of two types of GBA trigger methodologies. The introduction of separate terms aims to provide greater clarity):
  - Proposed replacement term for current Day Ahead signal: **Margins Notice (MN)**
  - Proposed replacement term for current Within Day signal: **Gas Deficit Warning (GDW)**

- Introduce ability to withdraw **GDW**

- In respect of the **GDW –** Update the UNC description of the trigger methodology to provide greater clarity

- Revise the trigger methodologies for the MN and GBA:

  a. Clarification the MN Trigger Methodology within the UNC
     i) Potential to define within the UNC the 'Expected Available Supply Level'

  b. Revision of the GBA Trigger Methodology

- Introduction of the capability to initiate a **GDW** before the relevant Gas Flow Day

Impacts and Costs

This modification will introduce greater clarity regarding forecast system imbalance at the day ahead stage and on-the-day. It is not anticipated that any UK Link system

changes will arise as a result of the implementation and therefore no system costs are anticipated.

Implementation

No timescale for implementation of this modification is proposed, but it is suggested that it is implemented at the earliest practical opportunity.

The Case for Change

The proposed revisions to the GBA arrangements will improve the signal provided to the industry and, as a result, may improve National Grid's ability to efficiently and economically manage the pipeline system, through enabling all parties to respond to a supply/demand deficit, thereby better facilitating efficient and economic operation of the pipeline system.

Recommendations

The Workgroup recommends that this modification should proceed to Consultation.

2 Why Change?

Principle Drivers for Change

- Timely review triggered by last winter's GBA days;
- Industry feedback – effectiveness of GBA;
- Output from discussions during the Significant Code Review (SCR) workshops
    - Explore preventative measure pre-declaration of a Gas Deficit Emergency (GDE).

Background

National Grid NTS has a UNC obligation (TPD V5.9) to alert system users of an End of Day (EoD) System Supply/Demand imbalance via a Gas Balancing Alert (GBA). These GBA arrangements were introduced as part of Modification 0061 – 'Facilitating Further Demand Side Response in the Event that a Gas Balancing Alert is Triggered', implemented in December 2005.

The intent of the GBA is to inform parties of a near term requirement to redress a forecast system imbalance. However, following the winter 2010/11 GBA events, feedback has indicated that some aspects of the GBA signal could be improved.

Additionally National Grid NTS noted that enhancements to the GBA arrangements, as a pre-emergency preventative measure, featured in discussions within Ofgem's Security of Supply (SoS) Significant Code Review (SCR) meetings. During January and February 2011, Ofgem lead discussions predominantly focused on exploring potential refinements to, or revisions of, the GDE arrangements. As part of that debate, it was suggested that there was merit in exploring pre-emergency 'preventative measures' that may mitigate the likelihood of entering Stage 1 of a GDE. In particular refinement of the GBA arrangements was considered such that they provide an improved and more informative signal, to both shippers and other industry parties, for timely demand and/or supply side response on days where there is a significant System Supply/Demand deficit forecast for the relevant Gas Flow Day.

As a result National Grid NTS initiated a GBA Issues Group to provide the industry with the opportunity to explore improvements to the GBA.

GBA Definition

Despite the separate UNC definitions of a Within Day and Day Ahead GBA, National Grid NTS believed that it is not always clear, to the industry, what level of severity of system status the GBA is signalling; under which methodology National Grid NTS has determined the GBA; or what expected corrective action is required. The prevailing single term 'GBA' may not be sufficiently granular to provide a clear indication of the severity, and time criticality, of the forecast supply / demand deficit. This has, on occasions, resulted in Users responding to a GBA only to find that the system has

closed with a gas surplus. As a result, there are concerns regarding the efficacy of the prevailing GBA arrangements, particularly regarding the risk that Users may respond inappropriately to GBAs initiated under the current provisions.

In respect of existing GBA arrangements, National Grid NTS has limited scope for discretion when applying the day ahead trigger methodology, but has a level of discretion when determining the current within day Alert.

Prevailing Day Ahead GBA

Under prevailing arrangements, National Grid NTS Gas Network Control Centre (GNCC) calculate a D-1 GBA trigger level which represents a view of total forecast system supply. In compliance with Code the D-1 GBA trigger level is assessed daily against forecast demand (Round UP) to determine if a supply/demand imbalance is forecast for the coming gas day.

The GNCC run this process daily to ensure the latest available storage deliverability is included within the D-1 trigger level. The D-1 GBA trigger level is then published on the National Grid website.

Where the forecast Demand exceeds the D-1 GBA trigger level, a GBA on D-1 is issued, along with the publication of additional information on the National Grid web site and via ANS handsets.

The UNC states that the D-1 trigger is determined via the provision described below:

'UNC TPD Section V5.9.3

*National Grid NTS shall issue (by means of publication on its website) an alert (a "**Gas Balancing Alert**") where, after forecasting demand for a Gas Flow Day in accordance with Section H 5.2.3 and Section H5.2.4 on the preceding Day, the Forecast Total System Demand for the Gas Flow Day in question is greater than or equal to the Forecast Total System Supply for such Gas Flow Day.*

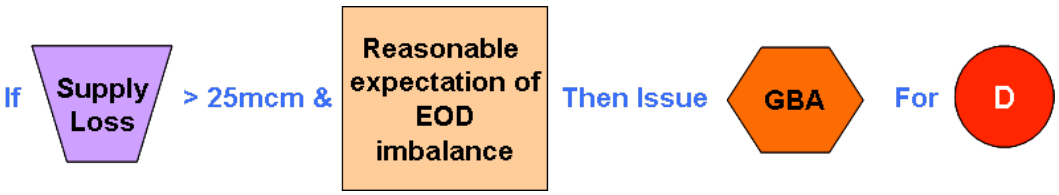
UNC TPD Section V5.9.6 states:

*(a) "**Forecast Total System Supply**" means the anticipated maximum daily supply to the Total System for the Gas Flow Day in question incorporating only the sum of the quantity of gas that could be withdrawn in aggregate from relevant Storage Facilities and delivered to the Total System on such Gas Flow Day without breaching the Two Day Ahead Minimum Storage Deliverability Amount;'*

Prevailing Within Day GBA

The Within Day GBA process is triggered by a single or aggregated supply loss during a gas day that is greater than 25mcm. Following notification of supply loss, GNCC will

make a decision on whether it is appropriate to issue a GBA. The decision is currently based on the revised Delivery Flow Notification (DFN) supply forecast, the latest available within day forecast demand, and the Predicted Closing Linepack (PCLP).



National Grid NTS has discretion on whether to issue a within day GBA only when the system has experienced a 25mcm supply loss.

3 Solution

Summary of proposed changes

This Proposal seeks to introduce revisions to the following areas of the GBA arrangements:

This Proposal seeks to introduce revisions to the GBA arrangements as follows:

1. Replace the current term 'GBA' with two discrete terms (current day ahead and within day GBA signals are determined as outputs aof two types of GBA trigger methodologies. The introduction of separate terms provides greater clarity of the methodology the signal is determined under):

    - Proposed replacement term for current Day Ahead signal: **Margins Notice (MN)**
    - Proposed replacement term for current Within Day signal: **Gas Deficit Warning (GDW)**

2. Withdrawal capability for GDW

3. Revise the trigger methodologies for the MN and GDW:

    a. Clarification the MN Trigger Methodology within the UNC
        i) Potential to define within the UNC the Expected Available Supply Level

    b. Revision of the GDW Trigger Methodology

4. Introduction of the capability to initiate a GDW before the relevant Gas Flow Day

5. Enhanced Information Provision

1. Introducing defined terms for a Day Ahead and a Within Day GBA

The prevailing UNC GBA provisions define how, and on what basis, both the Day Ahead and Within Day GBAs are issued, the term 'GBA' is adopted for both types of signal.

National Grid NTS considers that the prevailing single term, 'GBA', does not provide the industry with a sufficiently granular indication of the severity and time criticality of the forecast system supply/demand deficit.

During the workgroup discussions regarding the review of the GBA attendees generally agreed that it would be helpful if there was a clear differentiation between a Day

Ahead and a Within Day alert reference. The workgroup concluded that the GBA arrangements would benefit from replacing the single reference with the following two defined terms:

1. For the Day Ahead Signal, National Grid NTS will issue a notice: **Margins Notice (MN)**, issued via its web site and ANS service, if the Expected Available Supply Level is less than or equal to day ahead forecast demand; and

2. For the Within Day signal, National Grid NTS will issue an warning: **Gas Deficit Warning (GDW)** which may be issued on or before the gas flow day.

National Grid NTS considers that providing such clarity to the GBA arrangements may better inform Users and may lead to improvements in the Users ability to put in place commercial arrangements which facilitate appropriate and timely responses to the forecasted system EOD imbalance.

Suggested Business Rules:

UNC section V5.9. Operational and Market Data

V5.9.3 National Grid NTS shall issue (by means of publication on its website) **a notice** ~~**alert**~~ (a '**Margins Notice**' ~~**"Gas Balancing Alert"**~~) ….'

5.9.4 National Grid NTS may issue (by means of publication on its website) a **Gas Deficit Warning** where during or before a Gas Flow Day…..'

2. Withdrawal of the Day Ahead and Within Day GBA

Under prevailing arrangements, once issued a GBA remains in place until the end of the Gas Flow Day to which it relates; this is the case for both the Day Ahead and the Within Day GBA.

Since the introduction of the GBA arrangements there have been a number of instances where, following the issue of a GBA (in accordance with UNC section V5.9.3 and V5.9.4), the Transmission System has closed 'heavy' on a Gas Flow Day; where the initial forecasted system balance was in deficit, to a forecasted end of day position where National Grid NTS considers the system balance deficit has reduced to an acceptable position.

The revision in forecast may have resulted from;

1. Receipt of further information regarding an incident previously notified to National Grid NTS; where such information (in the reasonable opinion of National Grid NTS) indicates that the forecasted system imbalance deficit has reduced to such an extent that a GBA is no longer required; or

2. The Industry has responded to the GBA to such an extent that the imbalance deficit no longer presents a risk to the safety of the system.

We believe that introducing the ability to withdraw a GBA may provide an improved signal to the market, thereby better informing the industry of the status of the system, through which Users may be better placed to appropriately respond to the system status.

To facilitate this objective, National Grid NTS propose the introduction of a GBA withdrawal Notice.

Suggested Draft Business Rules as follows;

V5.9.5 Where a **Gas Deficit Warning** is issued, it shall remain in force until;

a) National Grid NTS issues a GDW Withdrawal Notice where;

i) National Grid NTS determines that (in the reasonable opinion of National Grid NTS) the forecasted system imbalance deficit has reduced to the extent that it no longer presents a risk to system safety; or/and

ii) In the reasonable opinion of National Grid NTS, the Industry has responded to the GDW to such an extent that the imbalance deficit no longer presents an imminent risk to the EoD system balance or safety of the system.

3. GBA Trigger Methodologies

Since the implementation of the Gas Balancing Alert into UNC in 2005, National Grid NTS has sought to improve the determination and methodology of both, the Day Ahead and Within Day, GBA triggers. National Grid NTS endeavours to provide the industry with an accurate and meaningful signal of the system status on days where a significant End of Day (EoD) supply/demand imbalance is forecasted.

As of part of the Proposal National Grid NTS proposes revisions to both trigger methodologies as follows:

Day Ahead Trigger: In order to deliver a meaningful Day Ahead signal the Gas Network Control Centre's (GNCC) application of GBA Day Ahead trigger methodology has evolved from that adopted upon the introduction of the GBA arrangements in 2005. The National Grid NTS therefore proposes to revise the UNC definition such that it provides greater clarity of the Day Ahead trigger methodology currently undertaken.

Within Day Trigger: In respect of the existing UNC Within Day trigger methodology a supply loss (>25mcm) remains the principle event upon which National Grid NTS may use its discretion to initiate its decision making procedures; and determine whether of not to issue a GBA. National Grid NTS believes that the current arrangements, in particular the single event of a >25mcm supply loss, is not sufficiently granular to cover all events which may trigger the issue of a Within day GBA. This proposal seeks to broaden the events through which the trigger for National Grid NTS GBA decision making procedures

is initiated, such that both supply and demand events may constitute an event. Additionally National Grid NTS proposes greater discretion in the determination of whether or not to issue a GBA.

National Grid NTS notes that the 'GBA review' workgroup indicated that there maybe benefits in National Grid NTS having discretion in its decision making procedures for the issue, or not, of a GBA. The workgroup considered that any increased National Grid NTS discretion would require the publication of supporting information relating to the status of the system.

3a. Day Ahead GBA

Forecast Total System Supply

The current UNC trigger methodology for a D-1 GBA is determined through a prescribed process where the D-1 Total System Demand is assessed against a maximum Forecast Total System Supply for the coming gas day.

UNC section V5.9.6 states:

*"**Forecast Total System Supply**" means the anticipated maximum daily supply to the Total System for the Gas Flow Day in question incorporating only the sum of the quantity of gas that could be withdrawn in aggregate from relevant Storage Facilities and delivered to the Total System on such Gas Flow Day without breaching the Two Day Ahead Minimum Storage Deliverability Amount;*

The existing Day Ahead GBA trigger methodology, currently applied by National Grid NTS, is not entirely aligned with UNC V5.9.6 provisions associated with 'Forecast Total System Supply'. The current GNCC methodology is initially based on a view of typical Non-Storage Supplies (NSS) at a particular demand level, currently 440mcm, as published externally within the Winter Outlook, along with a deliverability driven view of storage.

Storage deliverability is assessed daily following receipt of storage stock data. The NSS assumption begins in sync with the supply assumption published in the Winter Outlook document and is amended as required, based upon actual NSS performance during the Gas winter months.

Through the Transmission workgroup National Grid NTS has presented evidence that has illustrated the inaccuracy of shipper nominations, no terminal & storage nominations available for the 13:00 ahead demand forecast, and the day on day volatility of NSS supply. We believe that accurate day-ahead supply forecasting is difficult to do, and is prone to error. Therefore we propose that in respect of the current D-1 GBA trigger level methodology, a view of typical winter supply on a high demand day, should continue to be used to trigger a Forecast Deficit Notification.

Proposed revision to D-1 GBA trigger

For the purposes of the D-1 MN signal the day-ahead signal process will remain mechanistic. The D-1 system imbalance trigger level will be assessed against day ahead demand forecasts (13:00, 16:00 and 00:00) as per UNC section H. If any day-ahead demand forecast is greater than or equal to the D-1 System Imbalance trigger level, a MN will be issued (Only one notification will be issued per day).

Once issued the notification will remain in place until the end of the Gas Flow Day it is applicable, unless it is superseded by a Gas Deficit Warning (GDW).

Suggested Draft Business Rules

Definition – **'Expected Available Supply'** is;

(a) The expected delivery of gas from non storage supplies (NSS) as published in the National Grid Winter Outlook Document; and

(b) Qualifying deliverability from relevant storage facilities Qualifying storage deliverability = 2 full Days of commercially available stock at maximum withdrawal rates.

V5.9.3 National Grid NTS shall issue (by means of publication on its website) ~~an alert~~ notification (a "Margins Notice"**(MN)** ~~**Gas Balancing Alert**~~") where, after forecasting demand for a Gas Flow Day in accordance with Section H 5.2.3 and Section H5.2.4 on the Preceding Day, the Forecast Total System Demand for the Gas Flow Day in question is greater than or equal to the Expected Available Supply ~~Forecast Total System Supply for such Gas Flow Day~~.

The MN will remain in place until the end of the Gas Flow Day to which it is applicable, unless superseded by a Gas Deficit Warning (GDW).

3b. Within Day Trigger Methodology

Supply Trigger Only

As previously stated in section 2. 'Why Change?'; The prevailing trigger for a within day GBA is a supply loss (>= 25mcm). This can restrict the ability to issue a within GBA e.g. where a supply loss of less than 25mcm may cause a system issue. We also note that currently no demand side trigger exists that can signal instances where a significant forecasted increase in demand is not met by forecasted EoD supplies, risking a significant system imbalance deficit.

Opening Linepack

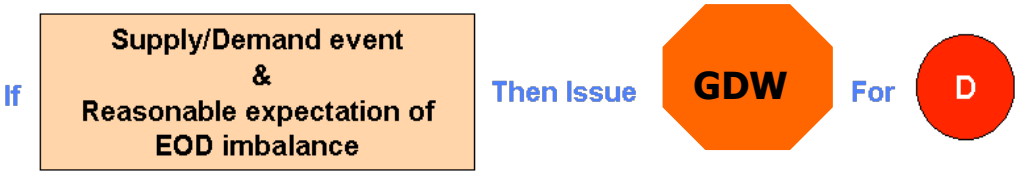
National Grid NTS is mindful that in the determination of a GBA the opening position of system stock can influence GNCC decision making. For example, on a day where linepack opens at 320mcm a loss of 5mcm could cause difficulties, yet on a day where linepack opened at 370mcm, a 30mcm loss could, potentially, be absorbed.

Proposed Within Day trigger methodology

This Proposal seeks to introduce a single level EoD GDW, similar to the existing Within Day GBA. However National Grid NTS proposes to introduce the ability to issue a GDW

day ahead or within day should appropriate information be made available to the GNCC, or following either a supply or demand event that results in a forecast EoD system imbalance.

National Grid will provide additional information when publishing the GDW on the rationale for the publication e.g. forecast EOD imbalance greater than 20mcm, or supply loss, or unexpected increase in demand.



Timescale for issue of a GDW

It is taken as read that the accuracy of information available to National Grid NTS, for its determination of the forecasted system supply and demand position, improves the closer you get to the Gas Flow Day; this accuracy further improves during the Gas Flow Day. National Grid NTS believes that there may be instances, prior to entering the Gas Flow Day, where National Grid NTS becomes aware of reliable information, which represents an event that would trigger a Within Day Alert before the start of the Gas Flow Day. To ensure that the Within Day Alert is sufficiently flexible to accommodate such instances we propose that the GBA may be issued before the Gas Flow Day. National Grid NTS considers that this would allow shippers to appropriately respond to the Alert at the earliest opportunity. We note that any GBA issued before the day would be accompanied by supporting information provision, which may provide an indication of the level of deficit forecast and timescales within which response may be required.

Draft UNC Text.

5.9.4 National Grid NTS may issue (by means of publication on its website) a **Gas Deficit Warning (GDW)** where during or before a Gas Flow Day, an event affecting either supply or demand, for the Gas Flow Day in question, is notified to National Grid NTS that would (in the reasonable opinion of National Grid NTS) result in ~~reduce~~ the Forecast Total System Supply for that Gas Flow Day being less than ~~by at least twenty five (25) MCM per Day and the remaining Forecast Total System Supply for that Gas Flow Day is less than or equal to~~ the Forecast Total System Demand.

4. Enhanced Information Provision

The enhanced information provisions requirements, which may further support both the Notice and the Warning will be developed as an output of the working group discussions on this Proposal.

Summary of Suggested Business Rules

Section V5.9 Operational and Market Data

Definition – **'Expected Available Supply'** is;

(a) The expected delivery of gas from non storage supplies (NSS) as published in the National Grid Winter Outlook Document; and

(b) Qualifying deliverability from relevant storage facilities Qualifying storage deliverability = 2 full Days of commercially available stock at maximum withdrawal rates.

5.9.3 National Grid NTS shall issue (by means of publication on its website and ANS) ~~an alert~~ notice (a "Margins Notification **(MN)** ~~**Gas Balancing Alert**~~") where, after forecasting demand for a Gas Flow Day in accordance with Section H 5.2.3 and Section H5.2.4 on the Preceding Day, the Forecast Total System Demand for the Gas Flow Day in question is greater than or equal to the Expected Available Supply ~~Forecast Total System Supply for such Gas Flow Day~~.

The **MN** will remain in place until the end of the Gas Flow Day to which it is applicable, unless superseded by a Gas Deficit Warning (GDW).

5.9.4 National Grid NTS may issue (by means of publication on its website and ANS) a **Gas Deficit Warning (GDW)** where during or before a Gas Flow Day, an event affecting either supply or demand, for the Gas Flow Day in question, is notified to National Grid NTS that would (in the reasonable opinion of National Grid NTS) result in ~~reduce~~ the Forecast Total System Supply for that Gas Flow Day being less than ~~by at least twenty five (25) MCM per Day and the remaining Forecast Total System Supply for that Gas Flow Day is less than or equal to~~ the Forecast Total System Demand.

5.9.5 Where a **Gas Deficit Warning** is issued, it shall remain in force until;

a) National Grid NTS issues a GDW Withdrawal Notice where;

i) National Grid NTS determines that (in the reasonable opinion of National Grid NTS) the forecasted system imbalance deficit has reduced to the extent that it no longer presents a risk to system safety; or/and

ii) The Industry has responded to the GDW to such an extent that the imbalance deficit no longer presents an imminent risk to the safety of the system.

UNC Section D

3.1.2 Subject to paragraph 4.1.1, National Grid NTS may only enter into Non-Trading System Transactions only in relation to a Gas Flow Day in respect of which a **Gas Deficit Warning** is in place.

4.1.1 Where a User makes a Market Offer or a Non-Trading System Offer to National Grid NTS in relation to a Gas Flow Day in respect of which a **Gas Deficit Warning** is in place and up to six (6) subsequent consecutive Gas Flow Days…….'

Compliance with European Regulation

'REGULATION (EU) No 994/2010 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - concerning measures to safeguard security of gas supply and repealing Council Directive' was published on 20th October 2010.

The European Regulations identify a number of 'crisis levels' which the European council directive would expect to be in place to in order that risks associated with Security of Gas Supply within the respective Transportation systems are mitigated.

We consider that the proposed arrangements, combined with arrangements already in place (such as emergency procedures) comply with the measures set out in the European regulation Article 10 – Emergency Plans and Crisis levels paragraph 3:

'Article 10 - Emergency Plans and Crisis Levels

3. The three main crisis levels shall be as follows:

(a) early warning level (early warning): when there is concrete, serious and reliable information that an event may occur which is likely to result in significant deterioration of the supply situation and is likely to lead to the alert or the emergency level being triggered; the early warning level may be activated by an early warning mechanism;

(b) alert level (alert): when a supply disruption or exceptionally high gas demand occurs which results in significant deterioration of the supply situation, but the market is still able to manage that disruption or demand without the need to resort to non-market measures;

(c) emergency level (emergency): in the event of exceptionally high gas demand, significant supply disruption or other significant deterioration of the supply situation and in the event that all relevant market measures have been implemented but the supply of gas is insufficient to meet the remaining gas demand so that non-market measures have to be additionally introduced with a view, in particular, to safeguarding supplies of gas to protected customers according to Article 8.'

http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2010:295:0001:0022:EN:PDF

4 Relevant Objectives

Implementation is expected to better facilitate the achievement of **Relevant Objectives a, b and g.**

Impact of the modification on the **Relevant Objectives:**	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	Positive
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.	Positive
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	None
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	Positive

a) Efficient and Economic Operation of the Pipeline System

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.

Improved clarity of information relating to the status of the system during times of significant system supply/demand imbalance will provide improved signals upon which Users may confidently take appropriate steps to mitigate a system issue and mitigate the risk of entering into a GDE. If Users take more appropriate steps, this would reduce the need for System Operator action and make maintenance of system balance more economic and efficient, impacting both NTS and DN system operation.

g) Compliance with European Regulation

The proposed arrangements increase compliance with the measures set out in the European regulation Article 10, Emergency Plans and Crisis levels paragraph 3 (see Section 3 above for details), since it recognises the specified three stages (early warning level in addition to alert and emergency level).

5 Impacts and Costs

Consideration of Wider Industry Impacts

None identified.

Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
No UK Link system changes will be required as a result of the implementation of this modification. The changes anticipated are likely to be achieved through revisions to operational procedures, replacing existing processes with revised arrangements; therefore this modification does not fall in the Users Pays classification.
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 anticipated
Operational Processes	• Amendments to National Grid NTS operational procedures will be required.
User Pays implications	• None anticipated

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	• Users may require revisions to operational procedures associated with responding to the revised system alerts.

Impact on Users	
Development, capital and operating costs	• None anticipated
Contractual risks	• None anticipated
Legislative, regulatory and contractual obligations and relationships	• None anticipated

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	• It is anticipated that, if implemented, this modification will improve the System Operator's ability to manage days of significant system imbalance deficit.
Development, capital and operating costs	• The proposed revision to the system alerts arrangements will be achieved through the development of revised operational procedures seeking to replace existing processes. Minor development costs are anticipated, but no additional operating costs.
Recovery of costs	• None anticipated
Price regulation	• None anticipated
Contractual risks	• None anticipated
Legislative, regulatory and contractual obligations and relationships	• None anticipated
Standards of service	• None anticipated

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

Impact on Code	
Code section	Potential impact

Impact on Code	
TPD Section V5.9 Operational and Market Data	• Code revision required

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

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	• No safety case change would be required as a result of this modification. It is anticipated that the revision of system alerts arrangements will provide improved signals to inform shippers to initiate responses that may help to avoid further deterioration of the system, and therefore avoid entering into the Stage 1 of a GDE. During the Ofgem SCR Cash out Reform consultation, the HSE stated that it welcomed clearer GBA signals to help avoid further deterioration of the system.

Impact on Core Industry Documents and other documents	
Gas Transporter Licence	• None anticipated

Other Impacts	
Item impacted	Potential impact
Security of Supply	• None anticipated
Operation of the Total System	• It is anticipated that, if implemented, this modification will provide Users with improved D-1 and Within Day information, such that they may take steps to respond to a system supply/demand deficit; it is anticipated that this will facilitate improved efficiency in the operation of the Total System.
Industry fragmentation	• None anticipated
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	• The introduction of improvements in the definition and status of system alerts brings the opportunity for daily metered customers and Shippers to agree contracts for demand side response when the system is forecast to be in deficit.

6 Implementation

The Workgroup has not proposed a timescale for implementation of this modification, but would suggest that it is implemented at the earliest practical opportunity.

7 The Case for Change

Nothing in addition to that identified above.

8 Legal Text

Suggested Text

The following Suggested Legal Text has been provided by National Grid NTS. The Workgroup raised a number of issues regarding its content which National Grid NTS agreed to consider and reflect in revised text.

TPD Section D

Amend Section D as follows:

3.1.2 Subject to paragraph 4.1.1, National Grid NTS may only enter into Non-Trading System Transactions only in relation to a Gas Flow Day in respect of which a Gas Deficit Warning~~Balancing Alert~~ is in place.

…

4.1.1 Where a User makes a Market Offer or a Non-Trading System Offer to National Grid NTS in relation to a Gas Flow Day in respect of which a Gas Deficit Warning~~Balancing Alert~~ is in place and up to six (6) subsequent consecutive Gas Flow Days…

TPD Section V

Amend paragraph 5.9 as follows:

5.9 Operational and Market Data

5.9.1 Subject to the provisions of paragraph 5.9.2 and the other provisions of the Code, National Grid NTS shall arrange for the data referred to in Annex V-1, ("**Operational and Market Data**"**)** to be published or made available in the manner specified in Annex V-1.

5.9.2 National Grid NTS shall not be obliged to publish or make available operational and market data pursuant to paragraph 5.9.1 where that data is not available to National Grid NTS.

5.9.3 National Grid NTS shall issue (by means of publication on its website) a notice ~~an alert~~ (a **"Margins Notice"** ~~"Gas Balancing Alert"~~) where, after forecasting demand for a Gas Flow Day in accordance with Section H 5.2.3 and Section H5.2.4 on the Preceding Day, the Forecast Total System Demand for the Gas Flow Day in question is greater than or equal to the Expected Available Supply ~~Forecast Total System Supply~~ for such Gas Flow Day.

5.9.4 National Grid NTS may issue (by means of publication on its website) a warning (**"Gas Deficit Warning"**)~~Gas Balancing Alert~~ where during or before a Gas Flow Day, an event affecting either supply or demand, for the Gas Flow Day in question~~incident~~ is notified to National Grid NTS that might~~would~~ (in the reasonable opinion of National Grid NTS) ~~reduce~~result in the quantities of gas on the Total System being insufficient for the purpose of meeting ~~the Forecast Total System Supply for that Gas Flow Day being by at least twenty five (25) MCM per Day and the remaining Forecast Total System Supply for that Gas Flow Day is lor equal to~~ the Forecast Total System Demand.

5.9.5 Where a Gas Deficit Warning~~Balancing Alert~~ is issued, it shall remain in force until National Grid NTS issues a GDW Withdrawal Notice~~the end of the Gas Flow Day to which it applies~~.

5.9.6 For the purposes of the Code:

a) **"Expected Available Supply"** shall mean the sum of:

(i) the amount of gas expected to be delivered other than from Storage Facilities as published in the National Grid Winter Outlook Report as published at www.nationalgrid.com; and

(ii) the qualifying Storage Deliverability from relevant Storage Facilities over two (2) full Days at maximum withdrawal rates;

~~a) "**Forecast Total System Supply**" means the anticipated maximum daily supply to the Total System for the Gas Flow Day in question incorporating only the sum of the quantity of gas that could be withdrawn in aggregate from relevant Storage Facilities and delivered to the Total System on such Gas Flow Day without breaching the Two Day Ahead Minimum Storage Deliverability Amount; and~~

b) "**Two Day Ahead Minimum Storage Deliverability Amount**" means, a quantity of gas from the Safety Monitor for all Storage Facility Types that could be withdrawn from all relevant Storage Facility Types in two (2) Days at their respective maximum withdrawal rates~~.~~; and

c) **GDW Withdrawal Notice**" means a notice from National Grid NTS issued where National Grid NTS determines (in its reasonable opinion) that:

(i) there is no longer an actual or imminent risk to system safety; or

(ii) circumstances in which the quantities of gas on the Total System will be insufficient for the purpose of meeting the Forecast Total System Demand have ceased to exist.

For the purposes of this paragraph a Storage Facility will be a **"relevant"** Storage Facility if (i) it is a Storage Facility whose deliverability and/or storage space National Grid NTS has used in the calculation of the Safety Monitor and (ii) the quantity of gas stored in that Storage Facility and available for withdrawal is greater than or equal to the quantity of gas that could be withdrawn from that Storage Facility in two (2) Days at its maximum withdrawal rate.

9 Recommendation

The Workgroup invites the Panel to:

- AGREE that this modification should be submitted for Consultation.