

# **Preliminary Safety & Firm Monitor Requirements 2007/8**

**31st May 2007**

## **Introduction**

This document sets out 'Safety Monitors' and 'Firm Gas Monitors' for the 2007/8 winter, pursuant to National Grid's obligations under the Uniform Network Code Section Q. It should be read in conjunction with the "Winter 2007/8 Preliminary Consultation Report", published March 2007<sup>1</sup> and the second Winter 2007/8 Consultation report due to be published in June. The methodological basis for the safety monitor calculations is described in the paper "Safety & Firm Gas Monitor Methodology" published December 2006<sup>2</sup>.

Our Preliminary Consultation Report presented an initial view of supplies for the coming winter. It highlighted continuing uncertainty with regard to potential non-storage supply levels, reflecting not only the normal risks associated with major infrastructure projects, but also commercial uncertainties associated with the utilisation of the infrastructure.

The preliminary safety monitors shown here use our latest 2007 demand forecasts and incorporate supply information provided to us by market participants through our 2007 Transporting Britain's Energy consultation process. We are currently preparing our 2007 supply forecasts reflecting this latest information. We expect to update our safety monitor analysis, taking into account our latest supply forecasts in addition to any further feedback that we receive via the winter 2007/8 consultation process.

It is our responsibility to keep the monitors under review (both ahead of and throughout the winter) and to make adjustments if it is appropriate to do so on the basis of the information available to us. In doing so, we must recognise that the purpose of the safety monitors is to ensure an adequate pressure can be maintained in the network at all times and thereby protect public safety.

National Grid proposes to enhance within winter feedback to industry regarding supply assumptions and resulting changes to Safety Monitors by means of monthly updates via Operational Forums and our web site.

We would welcome views on the appropriate basis for setting the 2007/8 safety monitors.

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<sup>1</sup>

[http://www.ofgem.gov.uk/Markets/WhlMkts/CustandIndustry/WinterOutlook/Documents1/19161\\_50b07.pdf](http://www.ofgem.gov.uk/Markets/WhlMkts/CustandIndustry/WinterOutlook/Documents1/19161_50b07.pdf)

<sup>2</sup> <http://www.nationalgrid.com/NR/rdonlyres/B4ACC5F8-A8AF-48B4-A8AA-04BE3743E1C9/13676/20067SafetyFirmGasMonitorMethodology.pdf>

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### Supply

Table 1 shows the supply assumptions used in calculating the safety monitors. Where appropriate, the initial view supply assumptions from our recent Winter 2007/8 Preliminary Consultation Report have been revised.

**Table 1 - Supply Assumptions**

	2007/8 Safety Monitor supply assumptions (mcm/d)	CV <sup>3</sup> (MJ/m <sup>3</sup> )	GWh/d
UKCS	227	39.30	2474
Norway	70	40.00	778
IUK	35	38.82	377
BBL	25	39.00	271
LNG imports	33	39.63	363
Supply risk allowance	-20		-218
Total	370		4045

UKCS supplies are slightly higher than the Preliminary Consultation Report view due to updated information from the TBE consultation. An aggregated number of 70 mcm/d for Norway is assumed, split as approximately 45 Langeled and 25 Vesterled. We acknowledge that Langeled supplies may be higher than this, but by assuming this level there is no need to further assess for aggregated Easington flows (includes UKCS, Norwegian and storage supplies) above baseline levels. LNG imports are lower than Preliminary Consultation Report view due to reported delays in the South Hook project. A supply risk allowance of 20 mcm/d has been incorporated to allow for continued uncertainty with respect to potential imports. It should be noted that the total non-storage supply assumption of 370 mcm/d is 35 mcm/d higher than the equivalent figure used in October 2006 for setting the 2006/7 Safety Monitors. This can be expected to put downward pressure on the safety monitor levels.

Table 2 shows the anticipated availability of storage capacity in winter 2007/8.

**Table 2 - Storage<sup>4</sup>**

	Space (GWh)	Deliverability (GWh/d)
Short (LNG)	1939	526
Medium (MRS)	8233 <sup>5</sup>	255 <sup>6</sup>
Long (Rough)	34445 <sup>7</sup>	455
Total	44617	1236

<sup>3</sup> An estimated CV has been applied to assist conversion of data published in both volumetric and energy terms

<sup>4</sup> Excludes Operating Margins gas

<sup>5</sup> Lower than Winter Consultation due to omission of Aldbrough space

<sup>6</sup> Lower than Winter Consultation due to omission of Hole House Farm and Aldbrough deliverability

<sup>7</sup> Reflects latest information from Centrica Storage Limited

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### Demand

The demand background used for the analysis in this section is the set of demand forecasts for 2007/8 that we produced in May 2007. Our 2007 forecasts are higher than our equivalent 2006 forecasts reflecting the expectation of lower prices in 2007/8. This can be expected to put slight upward pressure on the safety monitors.

For the safety monitor analysis, all demands are allocated into one of two categories; 'protected by monitor' and 'protected by isolation'. Those demands protected by monitor include all non-daily metered (NDM) loads, firm Irish demand and priority daily metered (DM) loads. Currently, priority loads represent less than 1% of protected by monitor demands.

### Storage Safety Space Requirement

Table 3 shows safety monitor requirements on the basis of the assumptions outlined above.

**Table 3 – Safety Monitor Space Requirement**

<b>Storage type</b>	<b>Assumed storage capacity (GWh)</b>	<b>Safety Monitor Requirement (GWh)</b>	<b>Safety Monitor Requirement</b>
Long duration storage (Rough)	34445	1189	3.5%
Medium duration storage (MRS)	8233	0	0
Short duration storage (LNG)	1939	0	0
<b>Total</b>	<b>44617</b>	<b>1189</b>	<b>2.7%</b>

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**Storage Safety Deliverability Requirement**

**Table 4 – Peak NDM & Priority Demand and Peak Day Supply**

<b>Demand</b>	<b>GWh/d</b>
Peak <sup>8</sup> NDM & Priority Demand (A)	4475
<b>Preliminary Winter Consultation Peak Supplies</b>	
UKCS	2474
Imports	1789
Storage	1236
Supply Risk allowance	-218
Total Supplies (B)	5281
<b>Supply Surplus (B) – (A)</b>	<b>806</b>

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<sup>8</sup> Day 1 of the Severe (1 in 50 cold) diversified load duration curve

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**Stored Firm Gas Space Requirement**

**Table 5 – Space Analysis (GWh)**

<b>Storage type</b>	<b>Assumed storage capacity (GWh)</b>	<b>Firm Stored Gas Requirement (GWh)</b>	<b>Firm Stored Gas Requirement</b>
Long duration storage (Rough)	34445	5747	16.7%
Medium duration storage (MRS)	8233	765	9.3%
Short duration storage (LNG)	1939	138	7.1%
<b>Total</b>	<b>44617</b>	<b>6650</b>	<b>14.9%</b>

**Storage Firm Gas Deliverability Requirement**

**Table 6 – Peak Firm Demand and Peak Day Supply**

<b>Firm Demand</b>	<b>GWh/d</b>
Diversified 1 in 20 Cold Peak Day (C)	4945
<b>Preliminary Winter Consultation Peak Supplies</b>	
UKCS	2474
Imports	1789
Storage <sup>9</sup>	1326
Total Supplies (D)	5589
<b>Supply Surplus (D) – (C)</b>	<b>644</b>

<sup>9</sup> Includes Hole House Farm deliverability