





UNC Request		At what stage is this document in the process?
<h1>UNC 0669R:</h1> <h2>Review of the Gas Deficit Warning (GDW) and Margins Notice (MN) Arrangements</h2>		<div>01 Request</div> <div>02 Workgroup Report</div> <div>03 Final Modification Report</div> <div></div>
<p><b>Purpose of Request:</b></p> <p>To review the processes, timeliness, and information provision associated with National Grid's gas security of supply notices and to review the name of the Gas Deficit Warning notice.</p>		
	<p>The Proposer recommends that this request should be assessed by a Workgroup.</p> <p>This request will be presented by the Proposer to the Panel on 20 September 2018.</p>	
	<p>High Impact: None</p>	
	<p>Medium Impact: GB gas market participants, National Grid NTS</p>	
	<p>Low Impact: None</p>	

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This document is a Request, which will be presented by the Proposer to the panel on 20 September 2018.

The Proposer recommends the following timetable:

Initial consideration by Workgroup	September 2018
Workgroup Report presented to Panel	21 March 2019

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## 1 Request

### Why is the Request being made?

At present, National Grid NTS has two main tools to provide notice to GB gas market participants of a possible imbalance between gas demand and supply:

- Margins Notice (MN) – issued if forecast demand for the day ahead exceeds a pre-defined forecast of supply; and
- Gas Deficit Warning (GDW) – issued if there is a more serious supply and demand imbalance leading to a material risk to the end of day balance on the NTS. The procedures are described in more detail on the National Grid website.<sup>1</sup>

The purpose of a GDW is to provide a message to GB market participants to provide more gas or reduce demand. On 1st March 2018, National Grid NTS issued its first ever GDW in response to coincident events involving cold weather, high gas demand, and supply failures. The GDW had its desired effect on this day as the risk of an end-of-day system imbalance was addressed<sup>2</sup>. However, National Grid NTS considers that the term 'Gas Deficit Warning' may not adequately reflect this purpose and could be misinterpreted by the public.

National Grid NTS also considers that the time is right to review these notification arrangements with the industry, share learnings from operational experience on 1<sup>st</sup> March 2018 and improve the arrangements for the future. Changes in the electricity market have also occurred since the MN/GDW rules were introduced which serve as an additional driver for this review.

### Scope

To review the GDW and MN notifications, the GDW name, trigger mechanisms, timeliness, and the information provision that supports these notification processes.

### Impacts & Costs

The key impacts of this change are currently considered to be:

- industry contracts that support gas demand side response;
- information provision requirements that support the MN/GDW processes; and
- knock-on impacts in the electricity market.

It is not currently expected that this Request will result in any material implementation cost.

### Recommendations

The objective of this Request is to explore whether the timeliness and effectiveness of National Grid NTS' notifications that alert the industry about a potential gas supply / demand imbalance can be improved without causing wider, unwarranted alarm.

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<sup>1</sup> <https://www.nationalgrid.com/uk/gas/balancing/margins-notices-mn-and-gas-deficit-warnings-gdw>

<sup>2</sup> The MN has not been used since its introduction in 2012, though it is likely that one would have been issued on 1st March 2018, had National Grid NTS not moved straight into the GDW.

## 2 Impacts and Costs

### Consideration of Wider Industry Impacts

National Grid NTS is also planning to review the Gas Demand Side Response (DSR) arrangements in parallel to this Request. The pre-mod discussion at Transmission Workgroup on 6<sup>th</sup> September 2018 highlighted that the two pieces of work are closely linked; this Request may impact the Gas DSR review because the latter is triggered when a GDW is issued. National Grid NTS therefore expects that this Request will help to inform the Gas DSR review.

Aside from the review of the Gas DSR arrangements, National Grid NTS does not currently anticipate any other wider industry impacts.

### Impacts

Impact on Central Systems and Process	
Central System/Process	Potential impact
UK Link	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Operational Processes	<ul style="list-style-type: none"> <li>Potential</li> </ul>

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	<ul style="list-style-type: none"> <li>Yes – if information provision arrangements change, administrative and operational aspects within Users' businesses may be impacted.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Contractual risks	<ul style="list-style-type: none"> <li>If the GDW name is changed, there may be a consequential impact within some User's contracts if the term currently features in those contracts. However, no material change in contractual risk for Users is currently envisaged.</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	<ul style="list-style-type: none"> <li>None identified. This Request is primarily concerned with information flows and communications.</li> </ul>
Development, capital and operating costs	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Recovery of costs	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Price regulation	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Transporters	
Contractual risks	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Legislative, regulatory and contractual obligations and relationships	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Standards of service	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Committees	<ul style="list-style-type: none"> <li>None identified</li> </ul>
General administration	<ul style="list-style-type: none"> <li>None identified</li> </ul>
DSC Committees	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Code	
Code section	Potential impact
TPD, Section D, 4.1.1, 5.1.1, & 5.1.2	<ul style="list-style-type: none"> <li>Yes, if the term 'Gas Deficit Warning' is changed.</li> </ul>
TPD, Section V, 5.9.4, 5.9.5, 5.9.6, & 5.9.7	<ul style="list-style-type: none"> <li>Yes, if the term 'Gas Deficit Warning' is changed.</li> <li>Potential – Margins Notice</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
General	Potential Impact
Legal Text Guidance Document	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Modification Proposals – Guidance for Proposers	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Self Governance Guidance	<ul style="list-style-type: none"> <li>None identified</li> </ul>
TPD	Potential Impact
Network Code Operations Reporting Manual (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UNC Data Dictionary	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on UNC Related Documents and Other Referenced Documents	
AQ Validation Rules (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
AUGE Framework Document	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Customer Settlement Error Claims Process	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Demand Estimation Methodology	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Energy Balancing Credit Rules (TPD X2.1)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Energy Settlement Performance Assurance Regime	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Guidelines to optimise the use of AQ amendment system capacity	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Guidelines for Sub-Deduct Arrangements (Prime and Sub-deduct Meter Points)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
LDZ Shrinkage Adjustment Methodology	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Performance Assurance Report Register	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Shares Supply Meter Points Guide and Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Shipper Communications in Incidents of CO Poisoning, Gas Fire/Explosions and Local Gas Supply Emergency	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Standards of Service Query Management Operational Guidelines	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Network Code Validation Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>
OAD	Potential Impact
Measurement Error Notification Guidelines (TPD V12)	<ul style="list-style-type: none"> <li>None identified</li> </ul>
EID	Potential Impact
Moffat Designated Arrangements	<ul style="list-style-type: none"> <li>None identified</li> </ul>
IGTAD	Potential Impact
	<ul style="list-style-type: none"> <li>None identified</li> </ul>
DSC / CDSP	Potential Impact

Impact on UNC Related Documents and Other Referenced Documents	
Change Management Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Contract Management Procedures	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Credit Policy	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Credit Rules	<ul style="list-style-type: none"> <li>None identified</li> </ul>
UK Link Manual	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	<ul style="list-style-type: none"> <li>Potential</li> </ul>
Gas Transporter Licence	<ul style="list-style-type: none"> <li>None identified</li> </ul>

Other Impacts	
Item impacted	Potential impact
Security of Supply	<ul style="list-style-type: none"> <li>Yes – this Request aspires towards a beneficial impact for security of supply</li> </ul>
Operation of the Total System	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Industry fragmentation	<ul style="list-style-type: none"> <li>None identified</li> </ul>
Terminal operators, consumers, connected system operators, suppliers, producers and other non-code parties	<ul style="list-style-type: none"> <li>Yes, if these notification arrangements are changed, some impact for these stakeholder groups is expected.</li> </ul>

## 3 Terms of Reference

### Topics for Discussion

- Agree a 'problem statement'
- Agree the objectives of the Request
- Assessment of alternative means to achieve objective
- Development of Solution (including business rules if appropriate)
- Assessment of potential impacts of the Request
- Assessment of implementation costs of any solution identified during the Request
- Assessment of legal text should a solution be identified.

### Outputs

Produce a Workgroup Report for submission to the Modification Panel, containing the assessment and recommendations of the Workgroup including a draft modification.

### Composition of Workgroup

The Workgroup is open to any party that wishes to attend or participate.

A Workgroup meeting will be quorate provided at least two Transporter and two User representatives are present.

### Meeting Arrangements

Meetings will be administered by the Joint Office and conducted in accordance with the Code Administration Code of Practice.

## 4 Recommendation

The Proposer invites the Panel to:

- DETERMINE that Request 0669R progress to Workgroup for review.