

Gas
Transmission

Operating Margins Review Project

nationalgrid



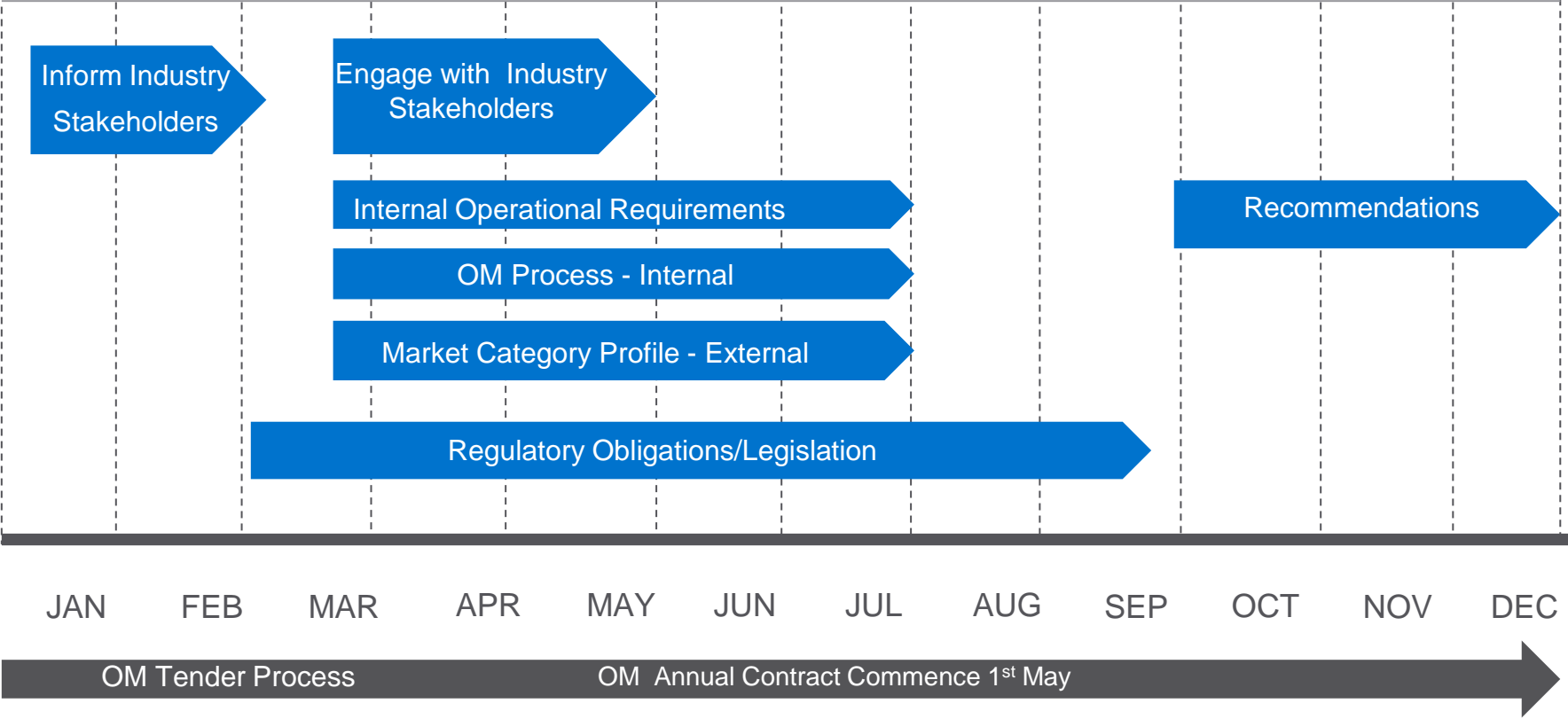
What is Operating Margins (OM)?

- **National Grid is required to procure its Operating Margins (OM) requirements on an annual basis in accordance with TPD Section K of the Network Code, the obligations set out in National Grid's gas transporter licence, and the obligations detailed in the National Grid's Safety case.**
- **The OM service is utilised at times of severe system stress to maintain NTS pressures in the period before other system management services become effective (e.g. national or locational balancing actions. Primarily, OM could be used in the immediate period following the occurrence of any of the following:**
 - **Supply Loss : Terminal, Sub-Terminal, Interconnector, LNG Importation Terminal**
 - **Pipe Break (including loss of infrastructure that renders pipe unusable);**
 - **Compressor Failure; and**
 - **Demand Forecast Error**

Why are we reviewing?

- The current methodology was developed when NTS gas flow patterns had greater consistency and UKCS made up a greater proportion of the supply mix.
- We want to increase visibility of the tender process and commercial options under the UNC.
- We are compliant, but we would like to engage with the industry in terms of the methodology that we employ and the procurement arrangements to make sure it is the most appropriate and efficient process for NGG, our customers and consumers.
- We regard this as an evolution of our prudent management of operational risk.

OM Review Timeline



OM Review Contacts

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