National Grid Distribution DN Interruption Tender Requirements 2008

Introduction

Revised DN Interruption Arrangements took effect from 1st April 2008. These allow DNs to determine interruptible LDZ requirements in specific locations in its networks and to provide network users with the opportunity to request their preferred interruptible terms.

The revised arrangements allow DNs to publish their interruption requirements and invite offers for interruptible terms through a tender process. Offers will be selected on the most economic and efficient basis to meet the network capacity requirements. Alternatives such as network reinforcement will also be considered.

In 2008 the offers for interruptible capacity for the five Gas Years from October 1st 2011 to September 30th 2016 can be submitted between the Invitation Dates of 2nd June – 13th June 2008 as was notified on 1st May 2008. Whilst the tender process itself is administered by xoserve through an electronic system on behalf of DNs and shippers (offering on behalf of consumers) this document provides supporting information on the National Grid Distribution (NGD) interruption requirements and the tender rules specific to NGD.

It should be read in conjunction with the DN Interruptible Capacity Methodology Statement [link] which is a requirement of UNC TPD Section G, has been approved by Ofgem and sets out the general arrangements for inviting and selecting applications for interruptible LDZ capacity.

From October 2011 all sites will be considered firm for DN transportation purposes, paying firm LDZ capacity and commodity charges but shippers at those sites that obtain interruptible contracts in the tender will receive payments based on the option and exercise elements of their offer. The option price is a flat payment paid monthly in arrears for the period covered by the contract while the exercise price will be paid each time the site is interrupted by the DN.

Interruption Requirements

The NGD interruption requirements for the five Gas Years 2011/12, 2012/13, 2013/14, 2014/15 and 2015/16 are presented in the Appendix. The requirements are the same for each of these five years. The requirements are presented in zones within LDZs and are described by postcodes together with the interruptible allowances (number of days of interruption) and an estimate of the interruptible capacity (in GWh/d) required in that zone. Eligible sites within these zones can bid for interruptible LDZ capacity. The maximum interruptible allowance shown represents the maximum number of days that interruption could be required within a zone. Network users can specify an interruption allowance between the

minimum and maximum shown to limit the maximum number of days of interruption for their site.

Offer Rules

An offer for interruptible capacity will comprise a request for interruptible LDZ capacity (in kWh/d), an interruptible allowance (number of days), the period of interruption (1 to 5 years) and the option and exercise price (p/kWh and p/kWh/day, respectively). Users are asked to submit details of the SHQ as an indication of peak hourly load to facilitate assessment of the offer.

Where multiple offers are submitted (up to the permitted maximum) network users should indicate, by linking the offers, where only one of these offers can be accepted. Network Users can submit offers for one or more tranches of supply point capacity at an eligible supply point. The interruptible tranche must comply with the minimum tranche size of 5,860,000 kWh per annum and the maximum number of tranches per supply point will be nine (9).

The following specific rules apply for the National Grid Distribution tender:

- The maximum number of offers per supply point/tranche shall be ten (10) i.e. if a user is able to submit offers for 9 tranches for the supply point the maximum number of offers shall be ninety (90)
- If multiple offers are submitted per tranche NGD must be able to select one offer per tranche
- If offers are linked (as indicated above), NGD must be able to select one offer per set of linked offers per supply point; e.g. if a User submits a number of offers for a supply point that includes two sets of linked offers, NGD must be able to select one offer from each set of linked offers.
- The minimum interruptible amount per tranche shall be 16,055 kWh/d
- Offers can be submitted for multiple years e.g. 1, 2, 3, 4, or 5 year contracts. All contracts must start in Year 1, 2011.
- The terms for multiple year offers must be the same for each year
- Interruptible allowances must be indicated in multiples of 5 days e.g. if a maximum interruptible allowance requirement of 20 days has been indicated Users can submit offers for 5, 10, 15 or 20 days.

Notification of the Results of the Interruptible Tender

Results of the tender will be notified in accordance with the provisions of UNC TPD Section G on 31st July 2008.

Key Dates

Interruption Requirements published	1st May 2008
Offer Window opens	2nd June 2008
Offer Window closes	13th June 2008
Tender results notified	31st July 2008
Interruption contracts take effect	1st October 2011

Appendix

Interruption Requirements Locational East Anglia

LDZ	Interruption Zone	Postcodes	Interruptible Allowance (days)		Interruptible Capacity Estimate (GWh/d)
			Min	Max	
EA	Stowmarket	IP6, IP8, IP14, IP30	5	30	0.69
					0.69

Interruption Requirements Locational East Midlands

LDZ	Interruption Zone	Postcodes	Interruptible Allowance (days)		Interruptible Capacity Estimate (GWh/d)
			Min	Max	
EM	Barnby Dunn	DN1-3, DN7, DN8	5	25	1.13
EM	Barnsley	S70-S75	5	45	1.84
EM	Burton	DE12, DE13, DE14, DE65	5	20	0.33
EM	Clay Cross	S45, DE55	5	10	0.12
EM	Coalville	LE67	5	10	0.18
EM	Digby	LN4	5	10	0.11
EM	Doncaster	DN4, DN5	5	25	0.17
EM	Scunthorpe	DN15-19	5	45	1.51
EM	Worksop	S80, S81	5	10	0.53
					5.91

Interruption Requirements Locational North West

LDZ	Interruption Zone	Postcodes	Interruptible Allowance (days)		Interruptible Capacity Estimate (GWh/d)
			Min	Max	
NW	Accrington	BB5	5	40	0.17
NW	Appleby Bridge	WN6	5	40	0.11
NW	Bramhall	SK7	5	45	0.14
NW	Earby	BB18, BB9, BB8, BD23	5	15	0.15
NW	Hall Green	SK9, SK10	5	45	1.12
NW	Knutsford	WA16	5	45	0.24
NW	North lakes	LA8-9, LA21-23	5	45	1.11
NW	Ramsbottom	BL0, BL8, BL9	5	45	0.65
NW	Stalybridge	OL6	5	10	0.12
NW	Winsford	CW7, CW9, CW10	5	15	0.09
					3.90

Interruption Requirements (LTS)

LDZ	Interruption Zone	Postcodes	Interruptible Allowance (days)		Interruptible Capacity Estimate (GWh/d)
			Min	Max	
EA	Fakenham HP	NR21, NR22	5	20	0.39
EM	Grantham HP	NG31	5	10	0.13
EM	Hooton Roberts HP	DN4, DN12, S63, S64	5	10	0.14
EM	Thrapston HP	NN3, NN5, NN6, NN8, NN9, NN14, NN29	5	10	0.38
EM	Totley HP	MK16, NN1, NN4, NN5, NN6, NN7, LE17	5	10	1.28
NW	Barrow HP	LA12, LA14, LA18	5	10	4.03
NW	Barrowford HP	BB1-3, BB5-12, BB18	5	10	0.43
NW	New Mills HP	SK1, SK4-8, SK12-14, SK16, SK22	5	10	0.24
NW	North West HP	CW9, L24, M17, WA7-10	5	15	44.90
NW	Winsford HP	CW7-10, M5, M14, M19, M22-24, M31, M34, M41, M90	5	15	1.91
					53.81