

CODE MODIFICATION PROPOSAL No. 0101

" Amendment to Demand Forecasting Timings in Relation to the Gas Balancing Alert"
Version 2.0

Date: 09/08/2006

Proposed Implementation Date: 01/10/2006

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

Discussed within the Uniform Network Code (UNC) Transmission Workstream on 3rd August with a view to it going out to consultation following the meeting of the Modification Panel on the 17th August.

Nature and Purpose of Proposal (including consequence of non implementation)

Where capitalised words and phrases are used within this Modification Proposal, those words and phrases shall usually have the meaning given within the Uniform Network Code (unless they are otherwise defined in this Modification Report). Key UNC defined terms used in this Modification Proposal are highlighted by an asterisk () when first used. This Modification Proposal, as with all Modification Proposals, should be read in conjunction with the prevailing UNC.*

Modification 0061 – “Facilitating further demand-side response in the event that a Gas Balancing Alert (GBA)* is triggered” was implemented on 15/12/05 and established the Gas Balancing Alert as a mechanism to signal to Users the likelihood of demand response being required in order to balance the system.

The trigger for issuing a GBA occurs when the Forecast Total System Demand* is greater than or equal to the anticipated total system supplies. Within day, a GBA may be issued where there has been a supply loss of at least 25mcm per day that has resulted in the remaining anticipated total system supplies being less than or equal to the Forecast Total System Demand.

UNC Section V5.9.3 states that “*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 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 Section H5.2.3 states that “*The Transporter will notify demand under paragraph 5.2.1 after receipt of weather data under paragraph 5.1.1 not later than the following times: 14:00 hours, and 02:00 hours on the Preceding Day and 12:00 hours, 15:00 hours, 18:00 hours and 21:30 hours on the Gas Flow Day*”.

UNC Section H5.2.4 states that *“The Transporter may in addition and at its discretion notify demand (for a relevant System) at other times for any reason it considers appropriate including, but not limited to, where it appears to the Transporter that the prevailing Forecast LDZ Demand may be substantially inaccurate; and where it does so it will inform Users of the reasons for its view”*.

At 00:30 on 13/03/06 a GBA was declared for Gas Flow Day 13/03/06. This alert was triggered by the results of the demand forecast that was undertaken by National Grid NTS to comply with the UNC H5.2.3 requirement to notify demand no later than 02:00 on the Preceding Day. Subsequently some Users queried whether earlier publication would have improved market response. However, wording of the UNC limits the issuing of a day-ahead GBA to “..not later than the following times: 14:00 hours, and 02:00 hours..”

In practice however, National Grid NTS notifies demand for a Gas Day on the preceding day at approximately the following times: 13:00, 16:00, 00:00 and on the Gas Day at 10:00, 13:00, 16:00, 21:00 and 00:00 i.e three times at the day ahead stage and five times within the day. Thus the schedule of demand forecast provision is not an accurate reflection of the schedule stated in the UNC.

This proposal therefore sets out two changes to the UNC:

- 1) Amend Section H5.2.3 of the UNC to include all the additional publication times for which National Grid NTS produces demand forecasts.
- 2) Insert a reference to UNC Section H5.2.4 into UNC Section V5.9.3.

The prime objective of the Proposal is to allow National Grid NTS increased opportunities, at the day-ahead stage, to issue a GBA (following the necessary assessment of system conditions) following each demand notification. Currently the issuing of a GBA, at this stage, is restricted to two times during the day. This Proposal will allow (where appropriate) issuing of a GBA following each demand notification and/or any ad-hoc forecast that National Grid NTS notifies to Users. In addition this Proposal will also ensure that operational practices are consistent with the UNC.

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

National Grid NTS believes that implementation of this Proposal would better facilitate the achievement of the Relevant Objectives specified in Standard Special Condition A11 as follows:

- The Proposal would improve *“the efficient and economic operation of the pipe-line system”* (A11.1a) by placing an obligation on National Grid NTS to notify Users of system demand more regularly and subsequently allowing National Grid NTS greater opportunity to issue a GBA (where appropriate) in response to significant changes in the forecasts.
- The Proposal would improve *“the provision of reasonable incentives for relevant suppliers to secure that the domestic customer supply standards are satisfied as respects the availability of gas to their domestic customers”* (A11.1e) by increasing the information available to industry parties thereby enabling a timely response to secure sufficient demand-side response in order to match supplies.

- The Proposal would improve “*the promotion of efficiency in the implementation and administration of the uniform network code*” (A11.1f) by ensuring consistency between operational practices and UNC obligations.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

a. Proposed implementation timetable

National Grid NTS suggest that this Proposal is implemented as soon as practically possible and in any event is implemented prior to Winter 2006.
National Grid NTS believes that the following timetable should be adopted:

Action	Due Date
Submit proposal for discussion at workstream	03/08/06
Submit to UNC panel	10/08/06
Draft Mod Report	21/08/06
Representations close out	11/09/06
Final Mod Report	14/09/06
Panel Recommendation	21/09/06
Ofgem Decision	28/09/06

b. Proposed legal text

UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT

SECTION H – DEMAND ESTIMATION AND DEMAND FORECASTING

Amend paragraph 5.2.3 to read as follows (changes tracked):

- 5.2.3 The Transporter will notify demand under paragraph 5.2.1 after receipt of weather data under paragraph 5.1.1 not later than the following times: 14:00, 18:00 hours, and 02:00 hours on the Preceding Day and 12:00 hours, 15:00 hours, 18:00 hours, ~~and~~ 21:30 hours and 02:00 hours on the Gas Flow Day.

UNIFORM NETWORK CODE - TRANSPORTATION PRINCIPAL DOCUMENT

SECTION V – GENERAL

Amend paragraph 5.9.3 to read as follows (changes tracked):

- 5.9.3 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 H 5.2.4 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.

c. Advantages of the Proposal

Implementation of the Proposal would improve the efficiency of the GBA process by allowing greater opportunities for National Grid NTS to respond to changes in demand forecasts and notify Users accordingly.

Ensures National Grid NTS operational practices are consistent with the UNC.

d. Disadvantages of the Proposal

None identified, although there was a risk that Implementation of the Proposal would place a requirement on Users to frequently monitor the National Grid website for the issuing of a GBA. In order to mitigate this risk National Grid are planning a service where interested parties including Users can register their details and receive SMS notification of a GBA. This service will be in place for winter 06/07.

e. The implications of implementing the Modification Proposal on security of supply, operation of the Total System and industry fragmentation

Implementation of the Proposal would increase the opportunities for National Grid NTS to issue notification of a Gas Balancing Alert in circumstances where a GBA may help to avert a Network Gas Supply Emergency.

f. The implication for Transporters and each Transporter of implementing the Modification Proposal, including

i. implications for operation of the System

This Proposal will not effect the operation of the system.

ii. development and capital cost and operating cost implications

It is not anticipated that this Proposal will result in any increased costs.

iii. extent to which it is appropriate to recover the costs, and proposal for the most appropriate way to recover the costs

It is not anticipated that this Proposal will result in any increased costs.

iv. analysis of the consequences (if any) this proposal would have on price regulation

No such consequences are anticipated.

g. The consequence of implementing the Modification Proposal on the level of contractual risk of each Transporter under the Code as modified by the Modification Proposal

No such consequences are anticipated

h. The high level indication of the areas of the UK Link System likely to be affected, together with the development implications and other implications for the UK Link Systems and related computer systems of each Transporter and Users

No system implications are anticipated

i. The implications of implementing the Modification Proposal for Users, including administrative and operational costs and level of contractual risk

No such implications are anticipated

Code Concerned, sections and paragraphs

Uniform Network Code - Transportation Principal Document
Section H - Demand Estimation and Demand Forecasting 5.2.3 and 5.2.4
Section V - General 5.9.4

Proposer's Representative

Ritchard Hewitt (National Grid NTS)

Proposer

Richard Court (National Grid NTS)

Signature

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