

Stage 03: Draft Modification Report

0412:

Changes to the Stages of Emergency Resulting from Changes Introduced by Exit Reform

At what stage is this document in the process?

- 01 Modification
- 02 Workgroup Report
- 03 Draft Modification Report
- 04 Final Modification Report

This modification proposes to change the Stages of Emergency described within UNC TPD Section Q to improve consistency in the management of an Emergency following review of the changes introduced by the Enduring Exit Regime. These changes match the proposed Network Emergency Coordinator (NEC) and System Operator Safety Cases.



Responses invited by 13 July 2012.



High Impact: National Grid Transmission



Medium Impact: -



Low Impact: Distribution Networks and Shippers

0412

Draft Modification Report

21 June 2012

Version 1.0

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About this document:

This document is a Draft Modification Report, which was issued for consultation responses, at the request of the Panel on 21 June 2012. The close-out date for responses is 13 July 2012. The Panel will consider the responses and agree whether or not this modification should be made.



3 Any questions?

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1 Summary

Is this a Self-Governance Modification?

The Modification Panel determined that this is not a self-governance modification.

Why Change?

The changes introduced (specifically the removal of Interruptible NTS Supply Points) by the enduring exit regime change the nature of Transporters' actions in managing a Gas Supply Emergency. Therefore a change to the Network Emergency Coordinator (NEC) Safety Case has been raised to reflect the implementation of the enduring exit regime. To mirror the proposed changes in the Safety Case, a change to the UNC is required.

Solution

This modification proposes to rationalise the Transporters' steps to manage a Network Gas Supply Emergency thereby ensuring that UNC Section Q reflects the revised sequence of actions to be taken by Transporters during an Network Gas Supply Emergency post implementation of UNC Modifications 0090 and 0195AV and detailed in the proposed changes to the NEC Safety Case.

Impacts and Costs

No impacts to central systems are anticipated. This modification is intended to inform Users of the revisions to the Transporters' processes for managing Network Gas Supply Emergencies, keeping the NEC Safety Case and UNC aligned. Since the NEC Safety Case would take precedence over the UNC in an emergency, no impact on processes or procedures is anticipated as a result of implementation.

Implementation

While no specific implementation timescale is proposed, it would be desirable for the change to be in place by 01 October 2012 such that the UNC and NEC Safety Case are aligned when the exit reform changes come into force.

The Case for Change

This modification proposes to modify the steps of an Emergency described in TPD Section Q of the UNC to reflect the changes proposed in the revised NEC Safety Case that has been submitted to the Health and Safety Executive (HSE). This in turn reflects the new enduring exit regime introduced by Modifications 0090 and 0195AV. Aligning the UNC with the NEC Safety Case will provide clarity regarding the process to be followed in an emergency. Implementation would therefore promote efficient implementation and administration of the UNC.

Recommendations

All parties are invited to consider whether they wish to submit views regarding this modification.



Enduring exit reform

Enduring exit reform is the Capacity Booking process introduced under Modification 0195AV.

2 Why Change?

Changes resulting from Exit Reform

During a review of the changes to the NEC Safety Case to reflect the nature of the new commercial regime introduced by Modifications 0090 and 0195AV, National Grid NTS identified a requirement to amend UNC TPD Section Q to ensure it remains aligned to the proposed changes to the NEC Safety Case.

In considering the impact of Modifications 0090 and 0195AV, it is prudent to consider UNC TPD Section Q, which describes, within paragraph 3, the various stages of Emergency which the Network Emergency Coordinator can declare. Section Q3 goes on to describe the various steps that Transporters can carry out to manage an Emergency to an effective resolution.

The UNC currently describes 5 stages of Emergency:

- Stage 1 steps include: Emergency Interruption, maximum usage of line-pack flexibility, utilisation of DN storage and emergency specification gas, and public appeal to reduce demand.
- Stage 2 steps include: Maximisation of User delivery to System Entry Points and suspension of National Grid NTS's taking Market Balancing Actions on the OCM.
- Stage 3 steps include: Shedding of firm demand.
- Stage 4 steps include: Direct allocation of gas supply by National Grid NTS to each Distribution Network.
- Stage 5 steps include: Return to normal operation.

Changes introduced in the management of a Network Gas Supply Emergency as a result of the enduring exit regime impact the Transporters' nature and timing of actions, in that from October 2012 no Interruptible NTS Supply Points are available (Off-peak NTS Exit Capacity is available, but the scale-back of such Off-peak NTS Exit Capacity prior to D limits its use to manage a Network Gas Supply Emergency). This has resulted in National Grid NTS and the NEC reviewing the stages of a Network Gas Supply Emergency to ensure that the current level of safety is maintained whilst at the same time the actions described in the various Safety Cases and UNC TPD Section Q remain reflective of the actions that would be taken to manage a Network Gas Supply Emergency.



What is the OCM?

The OCM is the On-the-day Commodity market, managed by independent market operator (currently APX Gas UK).

3 Solution

The proposal is to move Firm Load Shedding to stage 2. This will ensure that the Transporters are able to efficiently manage a Network Supply Emergency following the full implementation of Mod 0900 and 0195AV.

This modification therefore proposes to change the Emergency steps (as described in UNC Section Q 3). The change proposed is to merge together the current stages 2 and 3. As this proposal effectively leaves only 4 stages the existing stages 4 and 5 will be renumbered to stage 3 and 4 respectively. We propose to achieve this by moving the text from Q 3.2.3 into Q 3.2.2 (d), and renumbering paragraphs 3.2.4 and 3.2.5 to 3.2.3 and 3.2.4 respectively. Similarly, the text of Q 3.3.3 will be moved into 3.3.2 (c) and paragraphs 3.3.4 and 3.3.5 will be renumbered as 3.3.3 and 3.3.4 respectively.

The change to numbering of Stages of Emergency will be reflected throughout the remainder of Section Q.

This modification also proposes to clarify that references to Interruption throughout Section Q refer to activation of Distribution Network (DN) Interruptibles only.

This modification further proposes non-material housekeeping changes to Section Q to remedy pre-existing errors as follows:

- Section Q 1.2.3: "...and a reference to a Network gas Supply Emergency includes..." should be changed to read "Network Gas Supply Emergency includes...".
- Section Q 3.2.1 (a): The existing text contains reference to paragraph 3.3, which is erroneous. This modification proposes to alter this to refer to paragraph 3.4.
- Section Q 3.3.2 (b): The existing text contains reference to paragraph 3.3, which is erroneous. This modification proposes to alter this to refer to paragraph 4.1.
- Section Q 4.3.2 (b): The existing text contains reference to paragraph 3.3, which is erroneous. This modification proposes to alter this to refer to paragraph 4.1.

4 Relevant Objectives

Impact of the modification on the Relevant Objectives:	
Relevant Objective	Identified impact
a) Efficient and economic operation of the pipe-line system.	None
b) Coordinated, efficient and economic operation of (i) the combined pipe-line system, and/ or (ii) the pipe-line system of one or more other relevant gas transporters.	None
c) Efficient discharge of the licensee's obligations.	None
d) Securing of effective competition: (i) between relevant shippers; (ii) between relevant suppliers; and/or (iii) between DN operators (who have entered into transportation arrangements with other relevant gas transporters) and relevant shippers.	None
e) Provision of reasonable economic incentives for relevant suppliers to secure that the domestic customer supply security standards... are satisfied as respects the availability of gas to their domestic customers.	None
f) Promotion of efficiency in the implementation and administration of the Code.	Positive
g) Compliance with the Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This modification proposes to align the UNC with the proposed NEC Safety Case in order to reflect the enduring exit regime introduced by Modifications 0090 and 0195AV. While this will not impact the steps taken in practice, since the NEC Safety Case would in any event take precedence, aligning the two will help to ensure all parties are clear about the steps to be taken. Aligning the UNC with the NEC Safety Case, and providing increased clarity, is consistent with promoting efficiency in the implementation and administration of the Code.

5 Impacts and Costs

Consideration of Wider Industry Impacts

Under the Terms of Reference, the Workgroup was tasked with:

- consideration of the impact on DNO interruptible connections and how they may be affected by the modification; and
- consideration of the proposed NEC safety case changes that this modification is seeking to mirror.

The Workgroup clarified that the modification will have no impact on DNO interruptible connections since the arrangements that apply to them are unchanged by the modification. However, it emerged that there is some uncertainty in the market regarding the status of DNO connections that have agreed contractual terms for interruption in the event of a local transportation constraint and whether they should face early interruption in the event of an (NTS as opposed to local) emergency. While beyond the remit of this modification, it was recognised that it would be advantageous for this to be clarified.

National Grid NTS provided a presentation on the proposed NEC Safety Case changes, and the process that had been followed to keep Users informed of the changes. This is available at www.gasgovernance.co.uk/0412/010312.

Costs

Indicative industry costs – User Pays
Classification of the modification as User Pays or not and justification for classification
This modification is not proposed as User Pays since no central systems changes are impacted, and no User Pays service is to be created nor amended.
Identification of Users, proposed split of the recovery between Gas Transporters and Users for User Pays costs and justification
N/A
Proposed charge(s) for application of Users Pays charges to Shippers
N/A
Proposed charge for inclusion in ACS – to be completed upon receipt of cost estimate from Xoserve
N/A

Impacts

Impact on Transporters' Systems and Process	
Transporters' System/Process	Potential impact
UK Link	None
Operational Processes	Increased clarity regarding the stages of an emergency.
User Pays implications	None

Impact on Users	
Area of Users' business	Potential impact
Administrative and operational	Increased clarity regarding the stages of an emergency.
Development, capital and operating costs	None
Contractual risks	None
Legislative, regulatory and contractual obligations and relationships	Increased clarity regarding the stages of an emergency.

Impact on Transporters	
Area of Transporters' business	Potential impact
System operation	None
Development, capital and operating costs	None
Recovery of costs	None
Price regulation	None
Contractual risks	None
Legislative, regulatory and contractual obligations and relationships	Increased clarity regarding the stages of an emergency.
Standards of service	None

Impact on Code Administration	
Area of Code Administration	Potential impact
Modification Rules	None
UNC Committees	None
General administration	None



Where can I find details of the UNC Standards of Service?

In the Revised FMR for Transco's Network Code Modification

0565 Transco Proposal for Revision of Network Code Standards of Service at the

following location:

<http://www.gasgovernance.co.uk/sites/default/files/0565.zip>

Impact on Code	
Code section	Potential impact
UNC TPD Section Q	Simplification of stages of Emergency and increased efficiency in applying steps.

Impact on UNC Related Documents and Other Referenced Documents	
Related Document	Potential impact
Network Entry Agreement (TPD I1.3)	None
Network Exit Agreement (Including Connected System Exit Points) (TPD J1.5.4)	None
Storage Connection Agreement (TPD R1.3.1)	None
UK Link Manual (TPD U1.4)	None
Network Code Operations Reporting Manual (TPD V12)	None
Network Code Validation Rules (TPD V12)	None
ECQ Methodology (TPD V12)	None
Measurement Error Notification Guidelines (TPD V12)	None
Energy Balancing Credit Rules (TPD X2.1)	None
Uniform Network Code Standards of Service (Various)	None

Impact on Core Industry Documents and other documents	
Document	Potential impact
Safety Case or other document under Gas Safety (Management) Regulations	Consistency between the actions described in the proposed changes to the NEC Safety Case and the actions described in TPD Section Q of the UNC.
Gas Transporter Licence	None

Other Impacts	
Item impacted	Potential impact
Security of Supply	Increased clarity regarding the stages of an emergency.
Operation of the Total System	None
Industry fragmentation	None
Terminal operators, consumers, connected system operators, suppliers, producers and other non code parties	None

6 Implementation

The Modification 0195AV Enduring Exit Regime will be fully implemented from 01 October 2012, and changes to the NEC Safety Case are scheduled to take effect at the same time. While no specific implementation timescale is proposed, implementation on 01 October 2012 would ensure that the UNC and NEC Safety Case are aligned when the exit reform changes come into force.

7 The Case for Change

Nothing in addition to that identified above.

8 Legal Text

Suggested Text

The Workgroup has considered the following Suggested Legal Text and no issues were raised regarding its content.

TPD Section Q

Amend paragraph 1.2.3 to read as follows:

- 1.2.3 For the purposes of the Code:
- (a) a "Network Gas Supply Emergency" is a network gas supply emergency (as referred to in the NEC Safety Case), namely a Gas Supply Emergency which involves or may involve a loss of pressure in the NTS, and a reference to a Network Gas Supply Emergency includes a Gas Deficit Emergency and a Critical Transportation Constraint Emergency unless the context expressly requires otherwise;

Amend paragraph 1.4.1 to read as follows:

1.4 Emergency Stages

- 1.4.1 **"Stage"** means a stage (from 1 to ~~54~~) of the Network Gas Supply Emergency Procedure as described in the NEC Safety Case, and a Network Gas Supply Emergency is of a particular Stage where the NEC has determined that the relevant stage of such procedures applies in relation to such Gas Supply Emergency. For the avoidance of doubt, nothing shall prevent the NEC declaring Stages sequentially or, declaring a number of Stages together.

Amend paragraph 3.1.7 to read as follows:

- 3.1.7 Notwithstanding paragraph ~~3.2.2(d)3-3~~, where pursuant to the Emergency Procedures the Transporter instructs a User to give any notification or communication to a consumer or supplier, the User shall comply with that instruction.

Amend paragraph 3.2 to read as follows:

3.2 Gas Deficit Emergency

- 3.2.1 During Stage 1 (and higher) of a Gas Deficit Emergency:
- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph ~~3.2.2(d)3-3~~4 will apply;
- (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
- (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the

actual rates or quantities of delivery);

- (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC); and/or
- (e) where the operator of any relevant Storage Facility reduces or ceases the delivery of, or refrains from delivering (as the case may be), gas to the Total System at the relevant Storage Connection Point following a request to do so by the NEC (through National Grid NTS), then the provisions of paragraph 7 shall apply

3.2.2 During Stage 2 (and higher) of a Gas Deficit Emergency:

- (a) each User shall comply with all instructions by National Grid NTS to deliver gas to the Total System at System Entry Points in such quantities and at such rates as National Grid NTS may specify, up to the maximum quantities or rates which are available (by the exercise of all contractual rights as to the supply of gas or otherwise) to the User, irrespective of the commercial terms of such supplies, and irrespective of the quantities of gas being offtaken from the Total System by the User;
- (b) National Grid NTS may (where appropriate, in lieu of applying paragraph (a) in relation to gas-in-storage) issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
- (c) With effect from the time the Gas Deficit Emergency was declared, and in respect of any later Gas Flow Day falling within the duration of a Gas Deficit Emergency, National Grid NTS will not take any Market Balancing Actions; and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to the provisions of this Section Q; in which case, the provisions of paragraph 4.1 shall apply and the clearing of gas balances shall occur in accordance with the provisions of paragraph 4.2. Furthermore, the following provisions of Section D will be suspended for the duration of a Gas Deficit Emergency:
 - (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
 - (ii) Section D1.5;
 - (iii) Section D2.2.8 and 2.2.9;
 - (iv) Section D3; and
 - (v) Section D4; and/or

- (d) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

~~3.2.3 During Stage 3 (and higher) of a Gas Deficit Emergency, National~~

~~Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.~~

- 3.2.34 During Stage 34 (and higher) of a Gas Deficit Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.
- 3.2.45 In Stage 45 of a Gas Deficit Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

Amend paragraph 3.3 to read as follows:

3.3 Critical Transportation Constraint Emergency

- 3.3.1 During Stage 1 (and higher) of a Critical Transportation Constraint Emergency:
- (a) National Grid NTS may carry out Interruption, in which case the provisions of paragraph 3.4 will apply;
 - (b) each User shall comply with any request from time to time made by National Grid NTS to inform and/or keep informed National Grid NTS of the maximum rates at which and/or quantities in which gas can be delivered to the Total System by the User at any System Entry Point at such time(s) or over such period(s) as National Grid NTS may specify;
 - (c) each User shall, if requested by National Grid NTS, take such steps as may be available (pursuant to contract) to the User to secure any increase in the maximum rates or quantities referred to in paragraph (b), for example by arranging the deferment of maintenance or other works in respect of gas production or processing facilities (but without being obliged pursuant to this paragraph (c) to secure any increase in the actual rates or quantities of delivery); and/or
 - (d) notwithstanding the applicable Gas Entry Conditions at a System Entry Point, Users may be allowed by National Grid NTS to deliver gas to the Total System at that System Entry Point which does not conform with the Gas Entry Conditions but which does conform with the provisions of Part II of Schedule 3 of the Regulations (following approval to do so from the NEC).
- 3.3.2 During Stage 2 (and higher) of a Critical Transportation Constraint Emergency:
- (a) National Grid NTS may issue direct instructions to the Operator of any Storage Facility in relation to which appropriate arrangements exist in the relevant Storage Connection Agreement to deliver gas to the Total System at the relevant Storage Connection Point (in which case relevant Users shall be treated as having delivered to the Total System, at the relevant Storage Connection Point, such quantities of gas as have been notified to National Grid NTS by the relevant Storage Operator); and/or
 - (b) if National Grid NTS determines at any time that the application of Section D may have a detrimental effect on National Grid NTS's immediate ability to take Emergency Steps in accordance with paragraph 1.5.1 above, with effect from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) and in respect of any later Gas Flow Day falling within the duration of a Critical Transportation Constraint Emergency. National Grid NTS will not take any Market Balancing Actions from such

time and (in lieu thereof) the Emergency Procedures will apply and National Grid NTS's decisions as to the delivery and offtake of gas to and from the Total System will be implemented pursuant to paragraph ~~3.2.2(d)~~3.34.1. In the event that National Grid NTS does so determine, the provisions of paragraphs 3.2.2(a), 4.1.1 and 4.2 shall, from the time determined by National Grid NTS pursuant to this paragraph, apply mutatis mutandis to the Critical Transportation Constraint Emergency as if all references in such paragraphs to a Gas Deficit Emergency were to the Critical Transportation Constraint Emergency. Furthermore, the following provisions of Section D will be suspended from such time as may be determined by National Grid NTS and notified to Users pursuant to paragraph 3.1.1(b) for the duration of a Critical Transportation Constraint Emergency:

- (i) Section D1.1.2(b) (to the extent that National Grid NTS will not take any Market Balancing Actions during a Gas Deficit Emergency);
- (ii) Section D1.5;
- (iii) Section D2.2.8 and 2.2.9;
- (iv) Section D3; and
- (v) Section D4; ~~and/or-~~

(c) National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.

~~3.3.3 During Stage 3 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS may require the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points, in which case the provisions of paragraph 3.5 will apply.~~

3.3.34 During Stage 34 (and higher) of a Critical Transportation Constraint Emergency, National Grid NTS will allocate available gas to one or more LDZs. It will then be the responsibility of the relevant Transporter to allocate such available gas to within such LDZ. National Grid NTS may require a reduction or cessation of gas flows at NTS/LDZ offtakes to reflect such allocation.

3.3.45 In Stage 45 of a Critical Transportation Constraint Emergency, the provisions of paragraph 3.6 apply in relation to the return to normal operation.

Amend paragraph 3.4 to read as follows:

3.4 Emergency Interruption

3.4.1 The relevant provisions of Section G6 will apply for the purposes of Interruption in a Gas Supply Emergency or Local Gas Supply Emergency, except that:

- (a) the Transporter shall not be required to give five (5) hours notice of Interruption but may require Interruption as soon as practicable following the Transporter's Interruption Notice;
- (b) the User may not request an alteration pursuant to Section G6.8.2 to the Supply Points to be Interrupted;
- (c) any Day or Days of Interruption pursuant to this Section Q shall not count towards the use of the Interruption Allowance under Section G6.7.5;
- (d) the provisions of Section G6.9 (other than Section G6.9.2(a)) in respect of a failure to Interrupt shall not apply.

- 3.4.2 In addition, the provisions of paragraph 6 of this Section Q shall apply following Interruption in a Network Gas Supply Emergency) (other than a Critical Transportation Constraint Emergency).

Amend paragraph 3.5 to read as follows:

3.5 Firm Load Shedding

- 3.5.1 Where Emergency Steps include the reduction or discontinuance of offtake of gas at Firm as well as Interruptible Supply Points (in a Local Gas Supply Emergency or at Stage 23 or above of a Network Gas Supply Emergency), such steps will (insofar as is practicable and as may be required by Standard Special Condition A8(15) of the Transporter's Licence) be applied in the following order:
- (a) first, at Interruptible Supply Points (insofar as offtake has not already been interrupted at such points);
 - (b) secondly, at Supply Points, other than Priority Supply Points, which include VLDMC Supply Point Components;
 - (c) thirdly, at other Large Firm Supply Points other than Priority Supply Points;
 - (d) lastly, at Firm Supply Points (including for the avoidance of doubt Supply Points whose Annual Quantities do not exceed 73,200 kWh (2,500 therms)) and at Priority Supply Points.
- 3.5.2 Where a Transporter has taken Emergency Steps that require the reduction or discontinuance of offtake of gas as set out above, and the Transporter subsequently determines that such reduction or discontinuance of offtake of gas is no longer required or will be no longer required at a certain time, then the Transporter will so notify Users specifying the time (where later than the time of such notification) at which such reduction or discontinuance of offtake of gas is no longer required.
- 3.5.3 In addition, the provisions of paragraph 6 of this Section Q shall apply following any reduction or discontinuance of offtake of gas pursuant to paragraph 3.5.1 at any System Exit Point (other than at a System Exit Point which includes an NDM Supply Point Component or at a Priority Supply Point) due to a Network Gas Supply Emergency (other than a Critical Transportation Constraint Emergency).
- 3.5.4 To the extent that Emergency Steps include the isolation of any part of a System in which several Supply Points are located, the order in paragraph 3.5.1 may not apply.
- 3.5.5 The manner in and priority with which Emergency Steps may be taken for the reduction or discontinuance of offtake of gas at a Connected System Exit Point will be in accordance with the relevant Network Exit Provisions (which will where appropriate take account of the requirements of Standard Special Condition A8(15) of the Transporter's Licence); and the Transporter and the Connected System Operator shall be at liberty to take Emergency Steps in accordance therewith.
- 3.5.6 Without prejudice to the Transporter's ability to take any Emergency Step, the Transporter may take steps physically to isolate any Large Firm Supply Point where the consumer does not comply with any instruction given under paragraph 3.1.6(b).

Amend paragraph 4.3 to read as follows:

4.3 Consequences of a Critical Transportation Constraint Emergency

- 4.3.1 Save where paragraph 3.3.2(b) applies (in which event this paragraph 4.3 shall be of no effect), where a User (the "claimant") believes that

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it will suffer a financial loss in respect of any gas delivered to the Total System on a Day during a Critical Transportation Constraint Emergency in accordance with National Grid NTS's instructions to the operator of a Storage Facility (in which the User had gas-in-storage) pursuant to paragraph 3.2.2(b) or 3.3.2(a):

- (a) the claimant may within such time as National Grid NTS shall reasonably require submit to National Grid NTS a claim in respect of such financial loss together with details of the basis on which it believes it will suffer such loss and the amount thereof;
- (b) National Grid NTS will appoint an independent accountant or other appropriately qualified person as "**claims reviewer**" to review each claimant's claim and advise National Grid NTS of whether the claim appears to the claims reviewer to be justified and the amount which (in the claims reviewer's opinion) the claimant should be paid so that it will not suffer such financial loss;
- (c) the claimant shall be required (as a condition to its claim being considered, but subject to the claims reviewer accepting a reasonable obligation of confidence) to provide such information, access to records and cooperation as the claims reviewer shall reasonably require;
- (d) the fees and costs of the claims reviewer shall be paid by National Grid NTS and shall be additional Monthly Adjustment Neutrality Costs for the month in which they are paid; and
- (e) National Grid NTS will (after consultation with the claimant and the Authority) pay to the claimant the amount advised by the claims reviewer (unless on National Grid NTS's application after consultation with the claimant the Authority shall give Condition A11(18) Approval to National Grid NTS's paying a different amount).

4.3.2 Save where paragraph 3.3.2(a) applies, in applying Section F4 in respect of Days during a Critical Transportation Constraint Emergency:

- (a) amounts payable by National Grid NTS to Users pursuant to paragraph 4.3.1; and
- (b) all such costs as National Grid NTS may reasonably incur pursuant to paragraph ~~3.2.2(d)~~3.34.1;

will be taken into account as though such amounts were Market Balancing Action Charges payable by National Grid NTS (for the purposes of Section F4.4.3).

Amend paragraph 4.5.2 to read as follows:

4.5.2 In relation to any Day during a Gas Deficit Emergency (at Stage 2 or higher) for which a claimant wishes to submit a Post-Emergency Claim, the claimant must have posted a Market Offer to effect a Physical Market Transaction (by means of a Disposing Trade Nomination) on the Trading System for such Day prior to a Stage 45 (Restoration) being declared (if applicable). In relation to the Market Offer (in respect of the Physical Market Transaction) posted by the claimant:

- (a) for the purposes of this Section Q, the claimant must have stated the Market Transaction Lead Time as one (1) hour when placing the relevant Market Offer;
- (b) the claimant must have stated the Market Transaction Quantity and not the Market Offer Specified Rate;
- (c) the claimant must have specified that the Market Offer is not an Option Market Offer;

- (d) the claimant may have indicated that the Market Offer is capable of partial acceptance; and
- (e) the Market Offer must have remained unaccepted on the Trading System for the duration of the Day in question.

Amend paragraph 4.5.10 to read as follows:

4.5.10 In order for a Post-Emergency Claim to be deemed as valid:

- (a) all of the requirements of paragraphs 4.5.2, 4.5.3, 4.5.6, 4.5.7 and 4.5.8 must have been satisfied;
- (b) where the Eligible Trading System Point to which the Market Offer relates is a System Exit Point, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 34 (Allocation and Isolation) is declared (and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered);
- (c) in all other circumstances, the Market Offer must have been registered on the Trading System before the time at which a Gas Deficit Emergency Stage 45 (Restoration) is declared (and the Trading System's time stamp information shall be taken as conclusive evidence of the time at which the Market Offer was registered); and
- (d) the User must be a Registered User at the System Point in respect of which the Market Offer is made.

Any claim which does not comply with the above requirements shall be rejected.

9 Recommendation

All parties are invited to consider whether they wish to submit views regarding this modification. The close-out date for responses is 13 July 2012, which should be sent to enquiries@gasgovernance.co.uk. A response template which you may wish to use is at www.gasgovernance.co.uk/0412



Consultation Ends

On 13 July 2012