Gas Transmission

Margins Notice Mid-Winter Review

Transmission Workgroup
6th February 2020

nationalgrid

Recap: LNG Methodology introduced by Mod 0698

$$LNG_d = Min\left[ECWC_{d,}\ \frac{US_d}{2}\right]$$

$ECWC_d$ the expected cold weather capability for all LNG Importation Facilities for the Gas Flow Day

US_d the aggregate usable stock at all LNG Importation Facilities for the Gas Flow Day

- When LNG stocks are high, this methodology ensures that a higher LNG figure contributes to the overall Non-Storage Supply (NSS) number and vice-versa
- Pre-mod 0698, the LNG number was a best view from National Grid and tended to remain constant during winter unless supply patterns changed

Interconnector Methodology

- The 0669R workgroup also considered changing the contribution of interconnectors to the daily NSS figure using the correlation between interconnector flow and hub price differentials

$$BBL\ Interconnector = Min\left(Max\ BBL\ Technical\ Capability, Average\ Flow\ from\ last\ 2\ Days * \frac{D-1\ NBP:TTF\ Differential}{NBP:TTF\ Average\ Differential\ from\ last\ 2\ Days}\right)$$

$$IUK\ Interconnector = Min\left(Max\ IUK\ Technical\ Capability, Average\ Flow\ from\ last\ 2\ Days * \frac{D-1\ NBP:ZEE\ Differential}{NBP:ZEE\ Average\ Differential\ from\ last\ 2\ Days}\right)$$

- However, when this methodology was applied to previous winters, it would have triggered Margins Notices at demand levels below 300mcmd and therefore was not adopted into Mod 0698

Monitoring During Winter 2019/20

- We committed to report back to Transmission Workgroup during and post winter 2019/20, to
  - Share how the new Margins Notice methodology is functioning
  - Review what effect the Interconnector methodology would have had
- The following graph shows for Oct 19 – Dec 19:
  - The D-1 demand forecast
  - The actual margins notice trigger level (MNTL) (including the LNG methodology change)
  - What MNTL would have been without the LNG methodology change
  - What MNTL would have been with the LNG methodology change and the revised IC methodology

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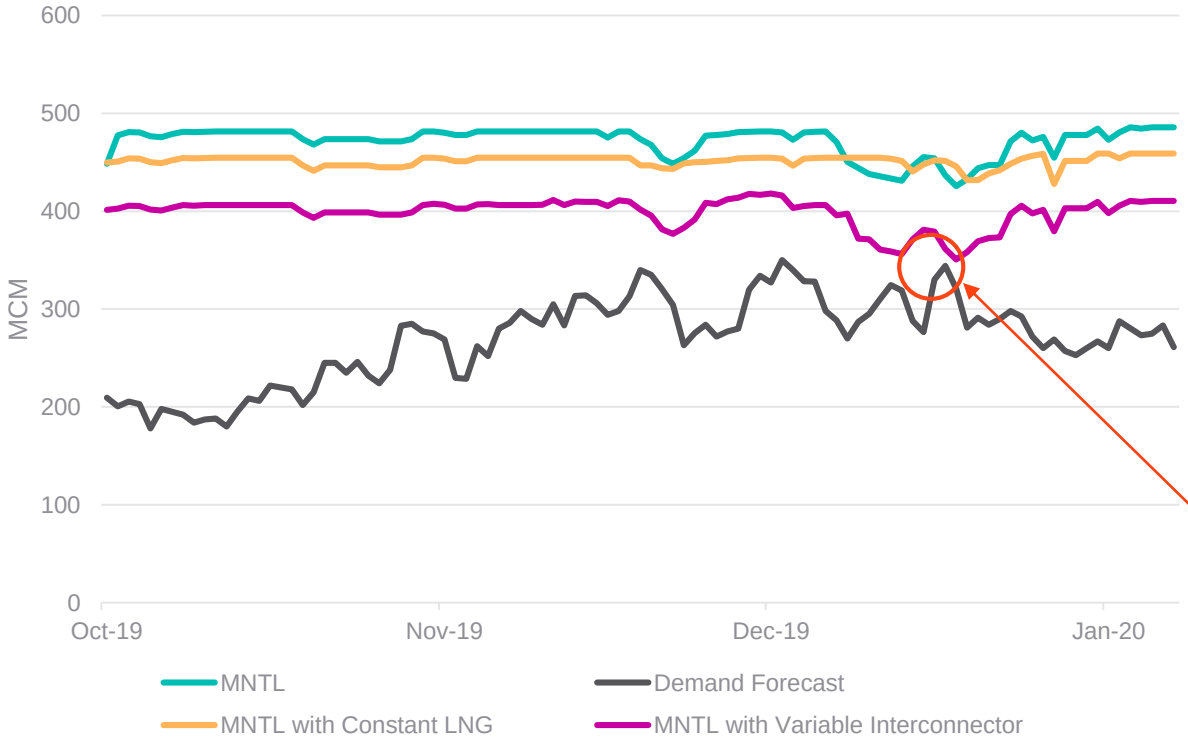

A notice that forecast demand had breached 95% of the MNTL would have triggered on 17/12/19 if the interconnector methodology had been introduced as well as the new LNG methodology

Observations & Next Steps

- A mild winter to date; no Margins Notices have been issued
- High LNG entry flows have resulted in a higher MNTL than would have been the case without Mod 0698 for the majority of the period
- Interconnectors have exported as well as imported over the period and flows have been low (typically <10 mcmd). Therefore, had the interconnector methodology been in force, the MNTL would have been materially lower
- A notification that D-1 demand had exceeded 95% of the MNTL would have been issued on 17/12/19. The system began 17/12/19 short but was balanced by midday, with interconnectors not flowing
- We propose to report back to the Workgroup on the whole winter period in the Spring