

# Gas Operational Forum Agenda

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**1. Introduction and Safety Brief**

**2. SMPS & Operations Overview**

**3. IS System Updates**

**4. Winter Preparation**

**5. Ops Forum Satisfaction Survey - Feedback**

**6. ICE Endex Update**

**7. Emergency Exercise**

**8. NTS Maintenance**

**9. Webinars Update**

**10. Any Other Business**

# Network Emergency Co-ordinator 2014 Exercise



Exercise Viper 17<sup>th</sup> – 18<sup>th</sup> September 2014

# NEC Exercise Viper (2014)

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Split into 3 elements for 2014

## 1. NEC Exercise Viper (Annual Industry Exercise)

- Test industry procedure aligned to E1 procedure
- Full test of new emergency forms
- Full test of new emergency communication system
- Full DECC upstream process test



## 2. DN Strategy CTC exercises




- Focus on Transporter strategy development in a Critical Transportation Constraint
- Working together with DNs to better understand response and timeframes
- Test DNs on their ability to optimise system capability in constraint scenarios
- Opportunity to test new online analysis capability

## 3. DN Emergency contact detail validation and compliance

- Separated out from the main industry exercise to avoid any delays
- DNs to manage the top 200 site phone calls in their own time, allowing for richer conversation regarding contact information and emergency obligations
- Standardised reporting developed for all DNs to drive consistency in reporting and deliver assurance to HSE and NEC of ability to comply with NEC Load Shedding instructions

# NEC Exercise Viper and Exercise Viper Downstream dates

September 17<sup>th</sup> & 18<sup>th</sup>

<p><b>Margins Notice Gas Deficit Warning G.A.S. Report</b></p> <p><b>Mobilisation Incident Team &amp; NEMT DECC &amp; JRT</b></p> <p><b>Convene NEMT Feedback G.A.S. &amp; JRT Determine Strategy</b></p> <p><b>Declare Emergency NEMT Updates</b></p> <p><b>Initiate all emergency Stage 1-4 Actions with all NTS Users &amp; Restore</b></p>	<p><b>Critical Transportation Constraint (CTC) Test #1</b> ~4 hours <b>Incident Team #1</b> 23<sup>rd</sup> Sept 14</p> <p>nationalgrid</p>	<p><b>Critical Transportation Constraint (CTC) Test #2</b> ~4 hours <b>Incident Team #2</b> 25<sup>th</sup> Sept 14</p> <p></p>
<p><b>Critical Transportation Constraint (CTC) Test #3</b> ~4 hours <b>Incident Team #3</b> 30<sup>th</sup> Sept 14</p> <p></p>	<p><b>Critical Transportation Constraint (CTC) Test #4</b> ~4 Hours <b>Incident Team #4</b> 02<sup>nd</sup> Oct 14</p> <p></p>	

## For further information

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- A range of emergency procedural information is available on the National Grid website  
[www.nationalgrid.com/NEC](http://www.nationalgrid.com/NEC) (shortcut link to NG emergency webpages)
  
- National Grid Transmission Contacts:
  - Mark Amos – Emergency Planning Manager (01926 65 4878)  
[mark.amos@nationalgrid.com](mailto:mark.amos@nationalgrid.com)
  - Chris Hewitt – Emergency Planning Officer (01926 65 3846)
  
- For any questions regarding emergency arrangements or any aspect of Exercise Viper please contact the National Grid Emergency Planning Team:  
[gasops.emergencyplanning@nationalgrid.com](mailto:gasops.emergencyplanning@nationalgrid.com)

# Ofgem Security of Supply (SoS) Significant Code Review (SCR)



# Significant Code Review (SCR)

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- Project Description – Changes to the Gas Deficit Emergency Cashout arrangements that recompense End Consumers for involuntary demand side interruption of supply during a GDE
- Change Driver: Regulatory
- Implementation Date: October 2015
- Operational Impacts to Industry:
  - Changes to cashout arrangements during an Emergency (SAP & SMP prices are unfrozen)
- Industry Activities envisaged:
  - Process is largely 'AS IS' for external parties and therefore no testing/training necessary.
- Engagement approach for operational elements:
  - Engagement & updates to Ops Forum, SO Forum, and future webinars

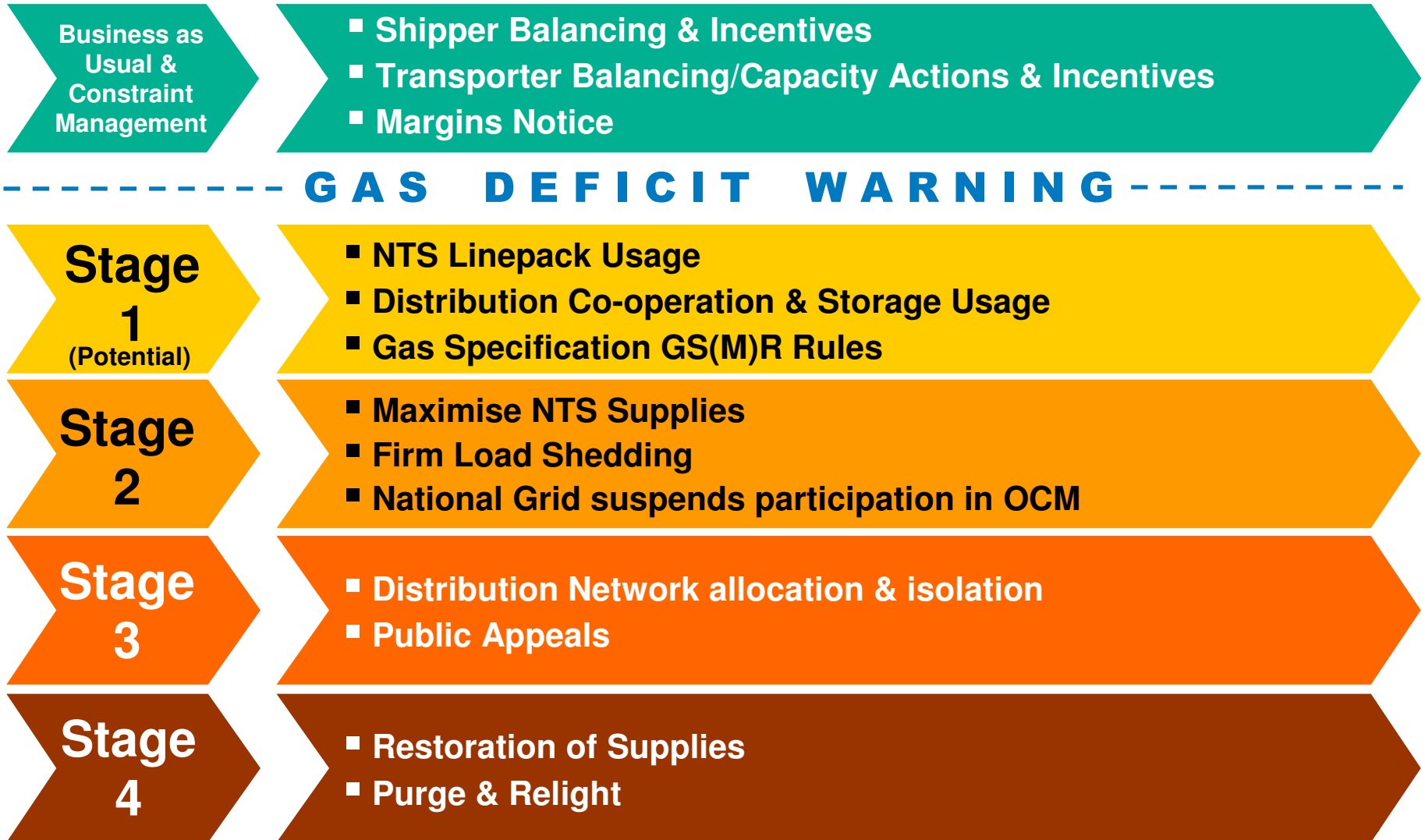
# Overview

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- The Significant Code Review (SCR) is now separated into 2 parts, the SCR principles and a Demand Side Response (DSR) process
- Main aims of the SCR:
  - Minimise risk and severity of a Gas Deficit Emergency through changes to the Shipper cashout arrangements which apply in an Emergency
  - Ensure that market arrangements provide sufficient incentives on shippers to maintain Security of Supply (SoS)
  - Compensate End Users in the event of curtailment due to Emergency
- Demand Side Response (DSR)
  - Development of a DSR methodology to provide an additional 'route to market' through which End Users (via their shipper) can signal their willingness to make available demand reduction volumes to reduce the likelihood and severity of an emergency

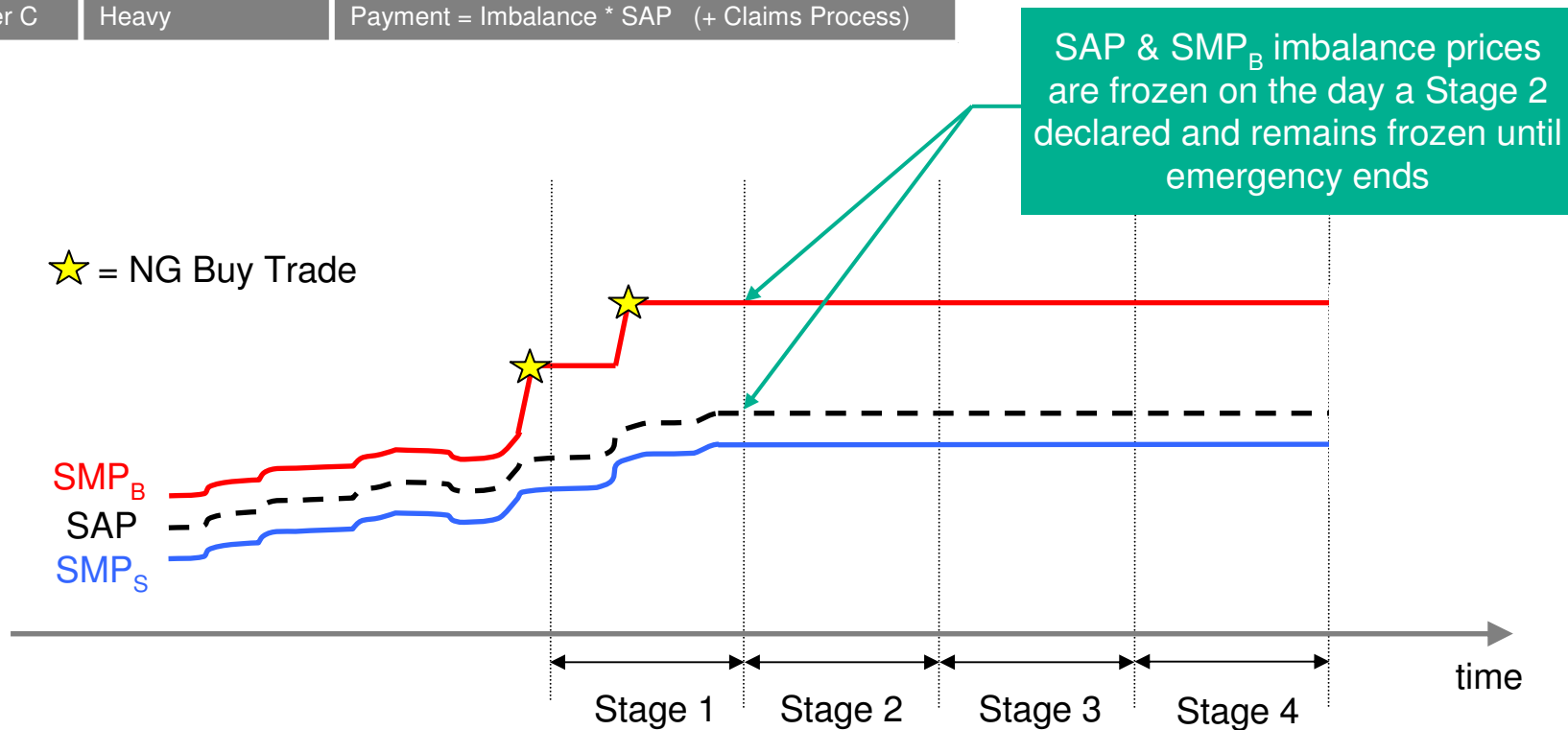


# Existing Frameworks



# Existing Emergency Cashout Arrangements

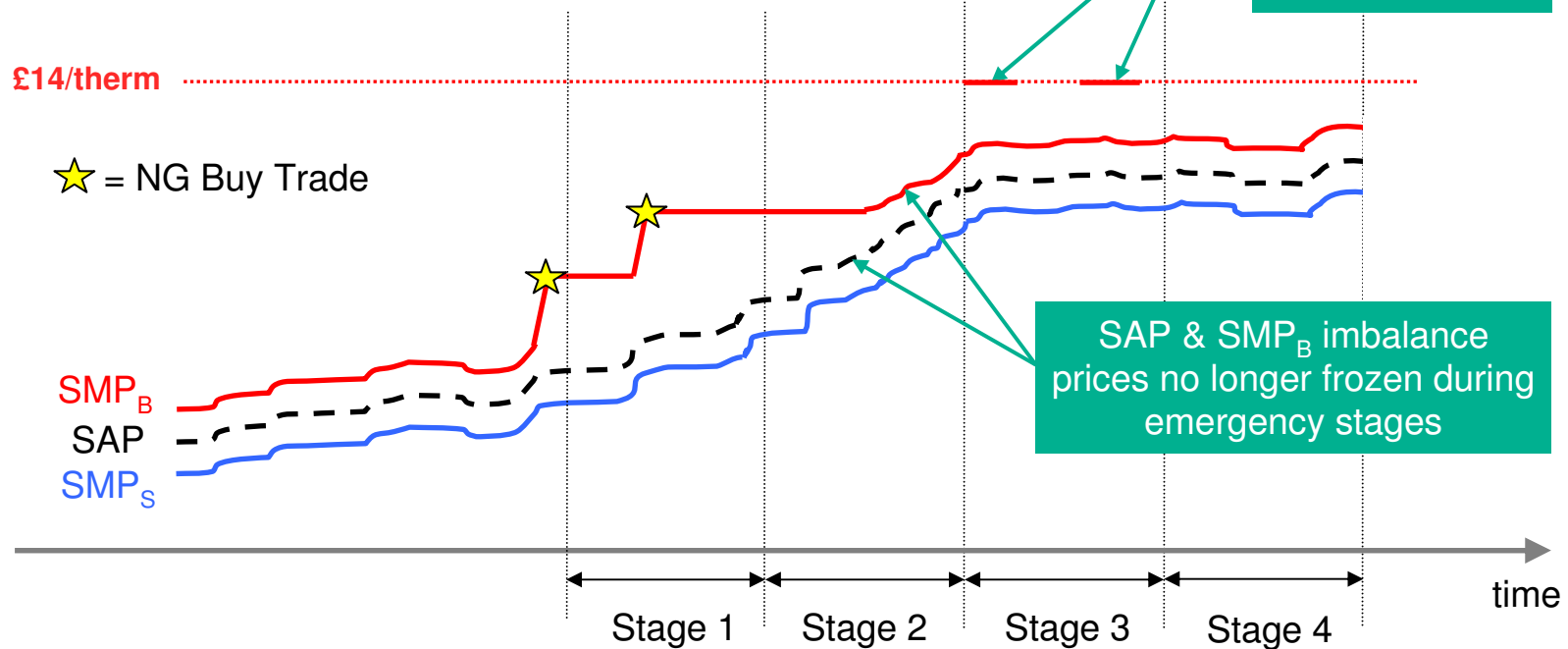
Shipper	Balance Position	Imbalance Charge/Payment
Shipper A	Balanced	Zero
Shipper B	Light	Charge = Imbalance * $SMP_B$
Shipper C	Heavy	Payment = Imbalance * SAP (+ Claims Process)



# SCR Emergency Cashout Arrangements

Shipper	Balance Position	Imbalance Charge/Payment
Shipper A	Balanced	Zero
Shipper B	Light	Charge = Imbalance * $SMP_B$
Shipper C	Heavy	Payment = Imbalance * $SAP$ (+ Claims Process)

Note: No change to existing imbalance charge calculation



Note: £14/therm minimum  $SMP_B$  not applicable if  $SAP$  + fixed differential rises above £14/therm

Note: The  $SMP_B$  price when entering Stage 2 or 3 is the “floor” price for the remainder of the emergency

# SCR Compensation

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- Non-Daily Metered (NDM) Value of Lost Load (VoLL) to be set at £14/therm for 1<sup>st</sup> day of isolation
  - Differing compensation for DM's and NDM's:
    - DM compensation during Firm Load Shedding paid at 30 day average SAP
    - Aimed at incentivising commercial interruption arrangements between shippers and consumers.
- Compensation may not be paid in full
  - Potential for compensation to be reduced if there is a shortfall in funds

# SCR Implementation Timescales

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- Latest Ofgem consultation closed on 9<sup>th</sup> April – Final Policy Decision covered:
  - SCR solution – implementation in time for Winter 2015/16
  - Way forward for DSR
- Ofgem running a Statutory Consultation to implement Licence changes
- Ofgem have stated that they will ‘direct’ changes to the UNC, using powers given to them by the Secretary of State (no consultation needed)

## Demand Side Response (DSR)

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- Product / solution yet to be defined, however the high level principles are:
  - To provide all large loads (including non-OCM loads) ability to offer demand reduction for a price
  - DSR will only apply following National Grid issuing a Gas Deficit Warning and up to end of Stage 1 Emergency
  - Aim is to minimise the severity and likelihood of entering a Stage 2 Gas Deficit Emergency
  - DSR applicable to all DMC (Daily Metered Component) loads > 2mtpa, across all networks (NBP Only)
  - Managed centrally by National Grid Gas Transmission

# Proposed DSR Licence Obligation

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- Draft Licence Condition on National Grid Gas to:
  - Develop a draft DSR Methodology, in consultation with stakeholders
  - Submit the DSR Methodology, to the Authority, by March 2015
  - Where directed by the Authority run a trial (paper based) of the DSR Methodology
  - Report back to the Authority on the outcome of the trial
  - Subject to the trial, implement the revised arrangements by winter 2016/17

## Further Information

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- Ofgem's Gas SCR Webpage
  - <https://www.ofgem.gov.uk/gas/wholesale-market/market-efficiency-review-and-reform/gas-significant-code-review>
  
- National Grid Gas Transmission Contacts:
  - Darren Lond (Balancing Code Development Manager)
    - [darren.lond@nationalgrid.com](mailto:darren.lond@nationalgrid.com)
  - Paul Gallagher (NTS Optimisation Manager)
    - [paul.gallagher@nationalgrid.com](mailto:paul.gallagher@nationalgrid.com)
  - Mark Amos (Gas Emergency Planning Manager)
    - [mark.amos@nationalgrid.com](mailto:mark.amos@nationalgrid.com)