

## **Gas Operational Forum**

**10:30 – 12:30**

**5<sup>th</sup> March 2008**

**Radisson Grafton, 130 Tottenham Court Road, London**

### **Attended**

Paul Green	National Grid
Dave Mitchell	National Grid
Paul Youngman	National Grid
Sarah Magee	National Grid
Louis Hems	APX
Keith Stanton	Bear Energy
Mike Maddox	BGT
Doug Hazlewood	Citigroup
Leigh Thomas	Constellation Energy
Mads Nielsen	DONG Energy
James Smith	EDF Energy
Bjorn Ligtvoet	Essent
Xavier Jacques	Essent
Tracey Ryan	Gazprom
Mel Wilson	Hetco

John Bradley	Joint Office
Gareth Roberts	Macquarie Bank Ltd
Theodore Goulios	Merrill Lynch
James Crump	Ofgem
Matthew Osborne	Ofgem
John Marquiss	RWE
Anita Murray	Sempra Energy
Stuart Wing	Shell Energy
Mo Rezvani	SSE
Ben Whitehead	Statoil Hydro
Catherine Fay	Total
Jonathan Law	UBS

### **1. Introduction**

Paul Green opened and welcomed everyone to the Gas Operational Forum.

### **2. Matters Arising**

There were no matters arising.

### **3. SMPS Compliance Reporting**

This is a report on National Grid's NTS compliance with the System Management Principles Statement. This statement outlines the broad framework within which National Grid NTS will make system management decisions. Performance is monitored and assessed by both internal and independent external audits. The SMPS is published on the National Grid website:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/operationaldocuments/ProcurementSystemManagementServicesStatementsReports/>

The compliance report for February 2008 was presented by Paul Youngman.

There were 3 buy actions and 28 sell actions during February. There were no material or non-material breaches during February, and year to date.

#### 4. Regime Performance

The regime performance for January 2008 was presented by Paul Youngman.

- 4.1. **Energy** – The energy regime slides examine the performance of the Energy Regime in relation to energy buys and sells actioned by National Grid NTS; the performance of National Grid in relation to its energy balancing incentive; and the revenues and cost accruing to neutrality.

During January there was over 740 GWh of energy traded by transporters on the OCM. There were no physical or locational actions for January 2008. The gas prices have risen and have been high throughout winter, with a 25 – 30 p increase compared to January 2007. Balancing costs for period 1<sup>st</sup> October 2007 to 31<sup>st</sup> January 2008 were a net revenue to neutrality of -£1.73m (-0.0115p/therm of throughput).

- 4.2. **Capacity** – The capacity regime slides examine the prices paid in the various capacity auctions, as well as analysing the number of bids by shippers and looking at those that have been accepted and rejected. The capacity sold vs. actual flow at the six main terminals (Bacton, Barrow, Easington, St Fergus, Teesside and Theddlethorpe) is analysed and buy back days and scalebacks are investigated.

There were 826 bids rejected at Easington and 240 bids rejected at St Fergus, mainly due to there being no capacity available or the auction timing out. Easington had the greatest number of shippers bidding throughout the capacity auctions, whilst Barrow had a smaller number. All six (Bacton, Barrow, Easington, St Fergus, Teesside and Theddlethorpe) flowed well within firm. Barrow had some discretionary released, whilst Easington flowed into UIOLI for part of February. There were no buybacks; however, there were scalebacks on five days in January:

- 4<sup>th</sup> January 2008 – 50% scaleback at Bacton, Easington, Isle of Grain and Theddlethorpe
- 10<sup>th</sup> January 2008 – 100% scaleback at Bacton, Easington, Isle of Grain, Hornsea and Hatfield Moor
- 11<sup>th</sup> January 2008 – 100% scaleback at Bacton, Easington, Isle of Grain and Theddlethorpe
- 12<sup>th</sup> January 2008 – 100% scaleback at Easington
- 16<sup>th</sup> January 2008 – 100% scaleback at Bacton

The capacity neutrality net cost/revenue financial year to date is -£256,853.72.

No questions were raised by the forum for Paul regarding the regime performance.

#### 5. APX Gas UK Update

An update was presented by Louis Hems for February 2008.

During this time there were 54 buys by members and 53 sells. National Grid was active on 15 days, with the majority of activity by shippers.

No questions were raised by the forum for Louis regarding APX.

#### 6. OFGEM Update

James Crump updated the forum on modification 182 regarding the requirement for National Grid to provide information on LNG storage. A decision will be made in the coming weeks.

The consultation document for SO incentives can be viewed on the Ofgem website, a link to which is provided below:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=126&refer=Markets/WhIMkts/EffSystemOps/SystOpIncent>

No questions were raised by the forum for James regarding Ofgem.

## 7. UNC Modification Proposals

An update was presented by John Bradley as below:

- Modification 0116 Series – Exit Reform  
There have been developments over the last month
- Modifications 195, 195a and 166  
The 6 week consultation ends 4<sup>th</sup> April 2008  
The impact assessment will be carried out in June 2008  
A decision will be made November/December 2008
- Modification 187 and 187a  
The modification panel have recommended both.
- Modification 189  
This modification is still in progress, however a decision is hoped to be made by close of April 2008.  
Due to this the QSEC auction will probably take place the same time as normal this year.

No questions were raised by the forum for John regarding the modifications.

## 8. Monthly Operational Update

The monthly operational update for February 2008 was presented by Dave Mitchell.

There has been a healthy supply projection and demand this winter, and although there was the loss of Shell at the end of February a good recovery was made. The UKCS has had a couple of days where the forecast has been met. There has been a healthy import scenario with IUK below winter consultation reports and LNG import flows well below forecast. The UK gas price averaged 51 p during February, well above this time last year. Gas prices were driven up by the loss of Shell at Bacton, increasing the price to 57 p.

Monthly updates of all the graphs and tables can be found on the National Grid website on the first Wednesday of the month:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/monthlyupdates/>

## 9. Maintenance Notices Update

Paul Green reiterated from last month's update that the final maintenance plan will be published on the 15<sup>th</sup> March 2008.

The current maintenance plan can be found at the below link:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/maintenance/>

No questions were raised by the forum for Paul regarding maintenance notices.

## 10. Capacity Management Update

Paul Green gave a capacity management overview update. The auctions were summarised. The transfer and trade principles were briefed, before a summary of physical and commercial operations were presented for February 2008. The following days were summarised:

1<sup>st</sup> February 2008  
20<sup>th</sup> February 2008

Further to the previous month's updates where this winter's capacity management actions had been explained, an update on the physical and commercial operations was given on the 2 days in February where interruption of capacity was invoked.

Paul Green explained that on the 1<sup>st</sup> February 2008 due to high east coast pressures and front loading flows the unsold firm baseline was restricted at Bacton to reduce capacity constraint. All other bids for unsold baseline were accepted and allocated. System sell actions were taken at 08:00 and 09:00 to try and restore the system balance. At 13:00 100% scaleback of interruptible took place at Bacton, Easington, and Theddlethorpe. 80% scaleback of interruptible took place at Isle of Grain to allow for LDZ boil off. At 18:00 all remaining unsold Bacton baseline was offered.

Paul Green then went onto explain that on the 20<sup>th</sup> February 2008 due to high terminal pressure and front loading flows that at 09:00 50% scaleback of interruptible took place at Easington, Hornsea and Hatfield Moor. At 11:00 the interruptible scaleback was increased to 100% at the same terminals due to minimal terminal reaction to the earlier scaleback.

Dave Mitchell explained that National Grid had been working very closely with Ofgem throughout the course of the winter to explain in detail the drivers, timing and rationale behind daily capacity release and constraint management actions and that we report in detail and discuss events with Ofgem as they unfold weekly. This had not resulted in any material change. James Crump was asked if he wished to add anything further, to which he confirmed the course of action followed by National Grid.

Furthermore Paul explained that a shipper had questioned National Grid over its Easington release methodology on the 28th Feb. Paul explained that we had prepared a presentation of how Easington capacity had been released ahead of the event and how it had been utilised throughout the course of the day and offered this to the open forum. There was no apparent appeal from the audience so it was suggested we covered this as part of February's reporting at the next forum.

Dave Mitchell appealed to anyone who had concerns, questions or wanted to better understand the regime or National Grid's actions to make their feelings known either through the forum or directly to ourselves.

## 11. Any Other Business

### **Gemini Contingency**

Dave Mitchell went through the various roles and accesses in the event of a Gemini contingency:

#### **Gemini Screen Services**

##### Primary Access

Port 443 and IP address 194.129.160.17 must be used  
<https://gemini-ix-prod-citrix.transco.co.uk/>

##### Secondary Access

Port 443 and IP address 194.129.160.19 must be used  
<https://gemini-ix-prod-citrix-dr.transco.co.uk/>

#### **Gemini API Services**

##### Primary Access

Port 4445 and IP address 194.129.160.25 must be used

##### Secondary Access

Port 4445 and IP address 194.129.160.30 must be used

It was asked that if the secondary access fails that a call is logged with the helpdesk.

## OM Consultation

A request was made for responses to the OM Consultation Document which can be found on the website address below:

<http://www.nationalgrid.com/uk/Gas/OperationalInfo/GasOperatingMargins>

A workshop is planned for late April to discuss issues and the consultation will end on the 2<sup>nd</sup> May 2008.

**Next Meeting:** 10.30am on Wed 9<sup>th</sup> Apr 2008 at the Thistle Euston, Cardington Street, London