

Capacity Management Overview



Source: National Grid 10 Year Statement

nationalgrid

Agenda

- Overview of Auctions
- Summary of January 2008 Physical and Commercial Operations
- Learning Points
- Changes Adopted

Summary of Auctions – Capacity release

Long Term Auctions

Quarterly System Entry Capacity (QSEC)

Up to 90% of SO baseline
 Ten interim bid windows
 All pay same for long term capacity per quarter per ASEP
 Aids long term investment strategy
 Allocated up to 60 days after the last bid window

Annual Monthly System Entry Capacity (MSEC)

Four rounds, 25% available capacity in each
 In the 4th round any capacity remaining from the 1st three auctions is offered again
 Pay as you bid
 Blind Auction
 Each auction is allocated separately

Short Term Auction

Rolling Monthly System Entry Capacity (RMSEC)

Five days before month end, any remaining baseline capacity is auctioned for next month
 Single day blind auction
 Allocations made at the end of the day

Daily Auctions

Day Ahead/Within Day Daily System Entry Capacity (DADSEC/WDDSEC)

Carried out by GNCC and bid up to 7 days in advance
 3 auctions run D-1, hourly within day
 Licence Obligation to use reasonable endeavours to offer unsold obligated capacity in one clearing auction on D
 Visible auction
 Pay as you bid (zero reserve on D)
 Within Day bids may be accepted and is effective the next hour +1 and last rest of day

Daily Interruptible System Entry Capacity (DISEC)

Carried out by GNCC
 Use it or Lose it (UIOLI) + any discretionary release
 Capacity sold at 13:00(D-1)
 Blind auction
 Pay as bid (zero reserve)

GAS DAY (D)

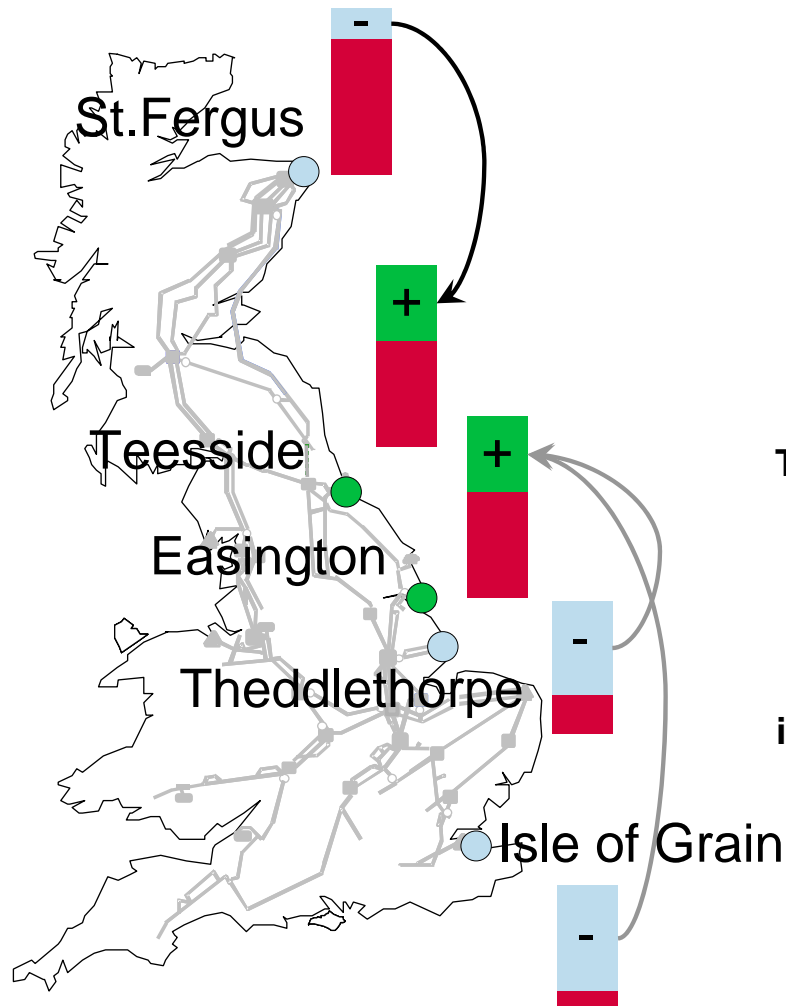
Years 2 to 17 Ahead

Month 1 to 2 Years Ahead

Month Ahead

Gas Day and Day Ahead

Transfer & Trade Principles



To re-allocate surrendered sold firm Entry Capacity from one user to another at an ASEP

Transfer

Trade

To move unsold firm Entry Capacity from an ASEP to one where firm Entry Capacity is sold out and more is requested

4th January 2008

Issue

- High grid pressure and forecast flows on east coast exceeding capability

Actions Taken

- 07:00 - Bacton and Theddlethorpe firm held back
- 09:00 - 50% scaleback of interruptible at Bacton, Easington, Isle of Grain and Theddlethorpe

10th January 2008

Issue

- Forecast flow exceeds capability and high east coast pressure.

Actions Taken

- 06:30 – Bacton and Isle of Grain 100% scaleback of interruptible (effective from 08:00)
- 07:00 – Bacton, Theddlethorpe and St Fergus firm held back
100% scaleback of interruptible at Easington, Hatfield and Hornsea (effective from 09:00)
Unsold baseline released (firm) at St Fergus
- 08:00 – 100% scaleback of interruptible at Theddlethorpe (effective from 10:00)
- 20:00 – Unsold baseline released (firm) at Bacton and Theddlethorpe

11th January 2008

Issue

- High pressure on east coast and high inputs front loaded.

Actions Taken

- 06:30 – Bacton and Isle of Grain 100% scaleback of interruptible (effective from 08:00)
- 07:00 – Bacton and Theddlethorpe firm held back
100% scaleback of interruptible at Bacton, Easington, Isle of Grain and Theddlethorpe (effective from 09:00)
- 17:00 – Unsold baseline released (firm) at Bacton and Theddlethorpe due to significant reduction in flows from Langeled

12th January 2008

Issue

- High pressure on east coast and high flows, profiling early in day

Actions Taken

- 06:00 – 100% scaleback of interruptible at Easington (effective from 08:00)
- 07:00 – Bacton and Theddlethorpe firm held back
- 18:00 – Unsold baseline released (firm) at Bacton and Theddlethorpe

16th January 2008

Issue

- High pressures at Bacton

Actions Taken

- 07:00 – Bacton firm held back
- 14:00 – 100% scaleback of interruptible at Bacton
- No unsold baseline (firm) released

Key Points

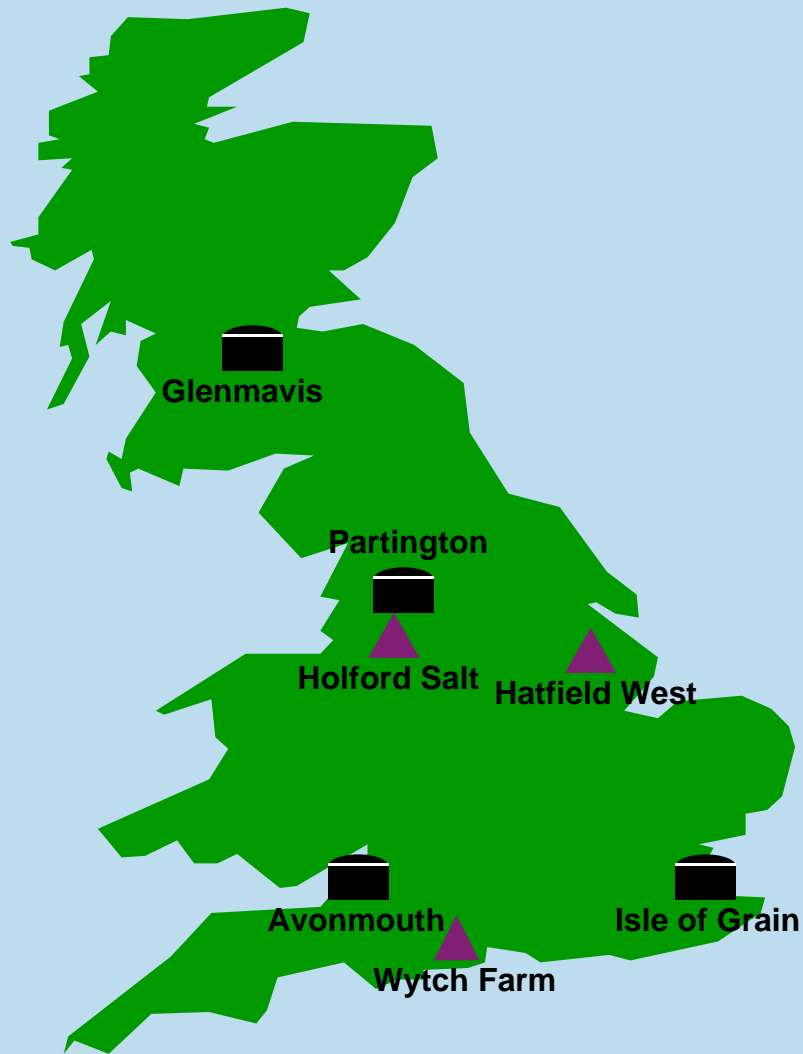
Release of WDDSEC delayed due to:

- Front Loading
- Constraint of ASEP's
- If capacity was released – immediate buy back neither efficient or economic

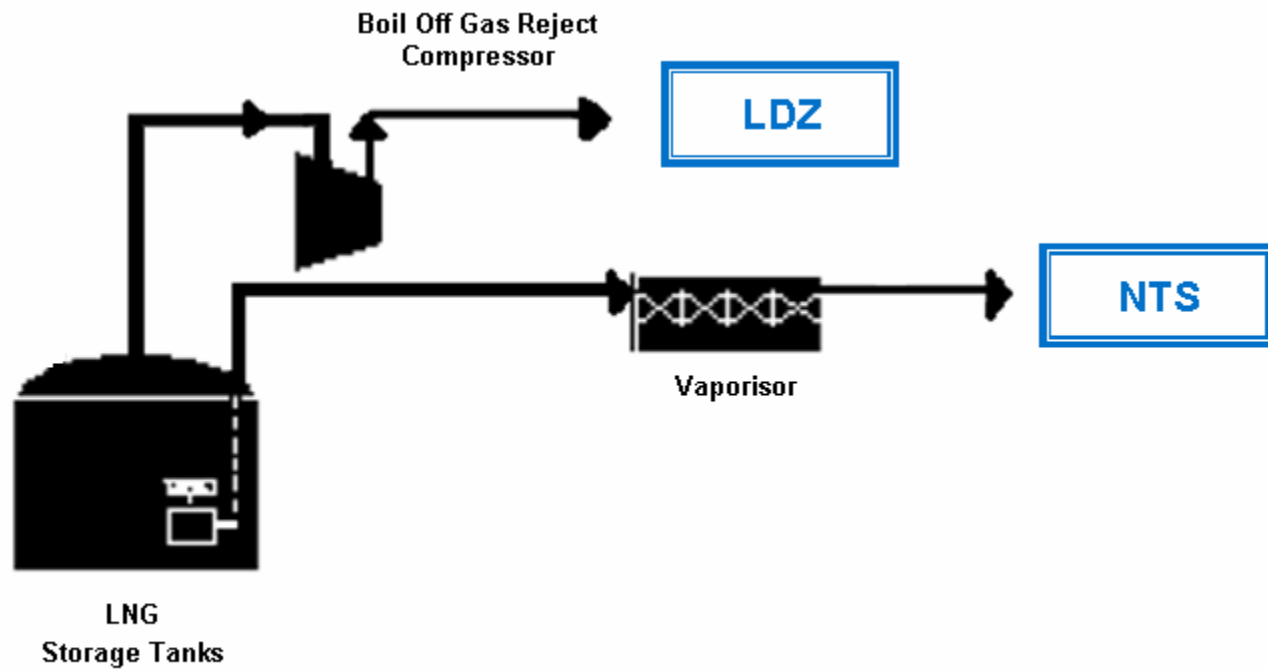
ASEP's with LDZ Inputs

- ASEP may be constrained at NTS Entry but may not be at LDZ
- Consideration will be given to LDZ capability when scaling back capacity

ASEP's with LDZ Flows



Example of ASEP with LDZ Entry Point



Conclusion

Actions taken on:

- 4th January 2008
- 10th January 2008
- 11th January 2008
- 12th January 2008
- 16th January 2008

Key Points Implemented in Strategy

- (WDDSEC) within day release
- Application of scaling back at ASEP's that physically enter the LDZ