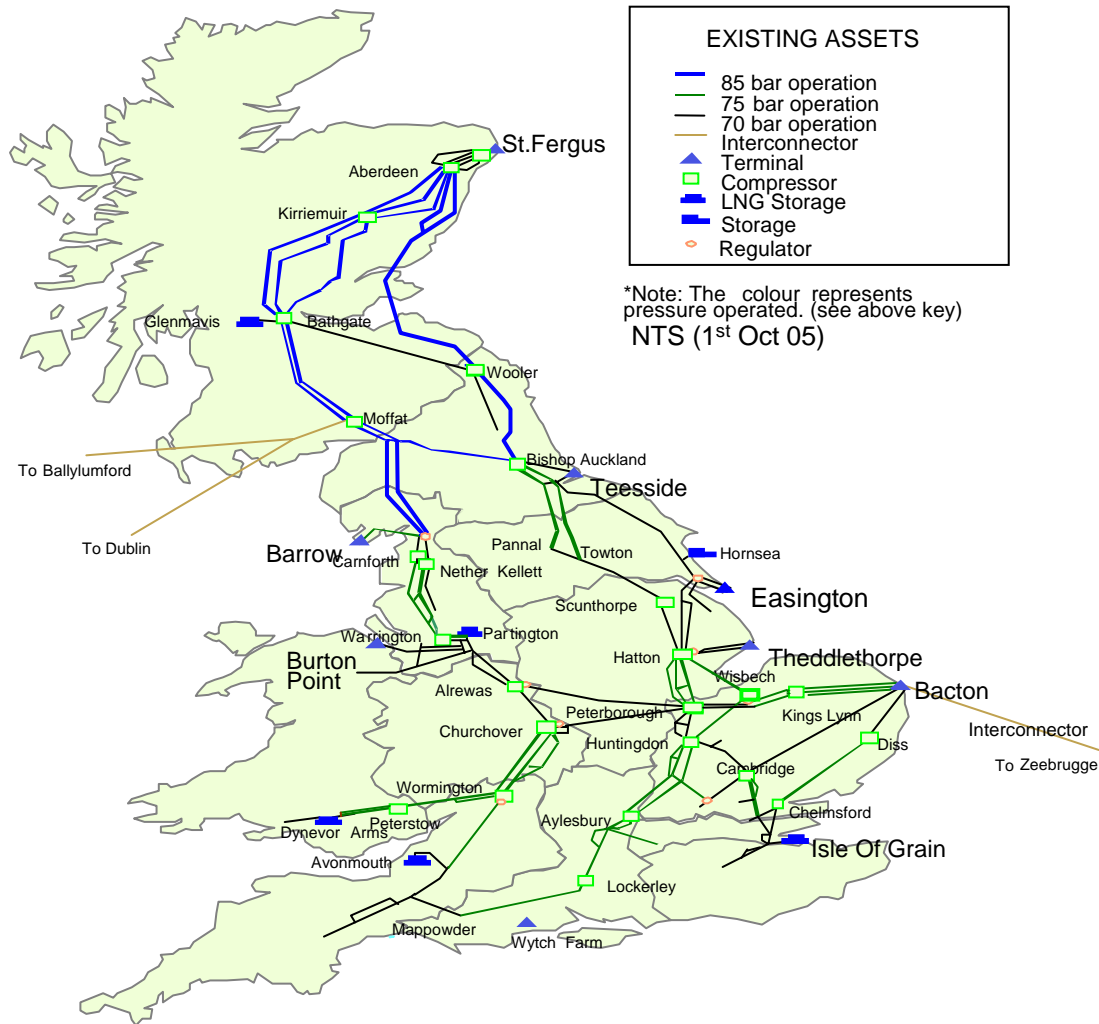


Capacity Scalebacks Dec 07/Jan 08

ASEP Capacity Regime – Constraint Management

- ◆ To ensure Firm rights can be honoured, Interruption occurs when notified or when anticipated inputs outstrip firm rights and/or NTS capability
- ◆ Buy Backs are undertaken if it is necessary to bring aggregate Daily firm holdings within the physical capability of the NTS
- ◆ A Terminal Flow Advice (TFA) is issued to connected system operators when actual or notified rates of entry would cause the NTS to breach its Maximum Permitted Pipeline Operating Pressure (MPOP)

NTS ASEPs



Gas Day 14/12/2007 Control Room Actions

- ◆ D-1
 - ◆ DFNs < Capability at all ASEPS.
 - ◆ Scaleback Not required.
 - ◆ Discretionary interruptible offered.
- ◆ D0
 - ◆ 06:00 Demand 394 mcm
 - ◆ After 07:00 WDDSEC capacity restricted due to high pressures (Bids rejected or partly allocated).
 - ◆ 10:00 Easington and Bacton scaleback 100% due to rising pressures. – flows =/> capability.
 - ◆ 16:00 Isle of Grain scaleback 100%.
 - ◆ WDDSEC assessed each hour for firm release.
 - ◆ WDDSEC released at Hatfield Moor and Dynevor Arms.

Gas Day 17/12/2007 Control Room Actions

- ◆ D-1
 - ◆ DFNs < Capability
 - ◆ No scaleback required
 - ◆ Discretionary interruptible release limited at Grain.
- ◆ D0
 - ◆ 06:00 Demand 414 mcm
 - ◆ High Pressures on East Coast
 - ◆ WDDSEC restricted at Easington and Bacton.
 - ◆ 11:00 100% Scaleback Interruptible Capacity at Easington due to DFN > Capability and high pressures.
 - ◆ 14:00 100% Scaleback Interruptible capacity at Bacton, Theddlethorpe and Isle of Grain due to continued high East coast pressures.
 - ◆ WDDSEC restricted at Theddlethorpe (bids rejected).
 - ◆ WDDSEC released at Avonmouth, Dynevor Arms and Hatfield Moor.

Gas Day 19/12/2007 Control Room Actions

- ◆ D-1
 - ◆ DFNs > Capability
 - ◆ Scaleback required D-1 due to Easington Area constraint.
 - ◆ Scaleback 50% at Easington, Hornsea and Theddlethorpe effective 06:00 19/12/07
- ◆ D0
 - ◆ 06:00 Demand 407mcm
 - ◆ High flows on East Coast, pressures held steady.
 - ◆ WDDSEC restricted at effected ASEPS.
 - ◆ Continued assessment of capability.
 - ◆ 20:00 WDDSEC sold at Easington, Hatfield Moor, Dynevor LNG.

Gas Day 04/01/2008 Control Room Actions

- ◆ D-1
 - ◆ DFNs < Capability
 - ◆ No scaleback required
 - ◆ Bacton pressures to be closely monitored from start of day.
- ◆ D0
 - ◆ 06:00 Demand 390mcm
 - ◆ High Pressures on East Coast
 - ◆ WDDSEC restricted at East Coast ASEPS (Teesside, Theddlethorpe, Easington, Bacton, IO Grain).
 - ◆ 07:45 DFNs = Capability and rising pressures on East Coast.
 - ◆ 50% Scaleback Interruptible Capacity at Easington Theddlethorpe, IO Grain, Bacton, Easington effective 09:00.
 - ◆ Continued assessment within day.
 - ◆ WDDSEC restriction continued for East Coast ASEPs.

DISEC Revenue vs Buyback Risk

- ◆ During December 2007, National Grid NTS scaled back interruptible capacity as anticipated inputs outstripped NTS capability.
- ◆ The average revenue of DISEC capacity sales per kWh during December 2007 at Bacton, Easington and St Fergus was around 0.0001p/kWh, peaking at 0.005p/kWh on 21 Dec.
- ◆ During July 2006, National Grid bought back capacity on 8 days at St Fergus or Teesside.
- ◆ The average cost was ~0.6p/kWh, with the most costly occurring at St Fergus for 464,000,000kWh at a cost of 2.129p/kWh.

Summary

- ◆ GNCC scale back interruptible capacity equitably at all ASEP's that may contribute to a constraint.
- ◆ National Grid scale back interruptible in order to honour firm capacity rights and manage the risk of buyback.
- ◆ National Grid use the commercial capacity tools available to protect physical system.