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Emergency Curtailment Quantity

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Agenda

- ◆ Review of Mod 0044 and the ECQ process.
- ◆ System development.
- ◆ P70 Interruptible and P70 Firm Notification.
- ◆ Current calculation methodology.
- ◆ Code developments.
- ◆ Links.

Mod 0044 – Review

- ◆ Mod 0044 Approved by Ofgem in September 2005 and introduced in October 2005.
- ◆ Applicable within a Gas Deficit Emergency.
- ◆ Two aspects to Mod 0044
 - ◆ Altered the emergency cash out arrangements from a single cash out price based on SAP to dual cash out prices.
 - ◆ ECQ calculated and traded on Gemini to ensure that no shipper benefits from the emergency curtailment of demand.
- ◆ Obligation on all Transporters to calculate the respective ECQ for each shipper in their network, with the additional responsibility for NGT to aggregate and complete the ECQ trade.

System development

- ◆ Stand alone systems introduced for the implementation date.
- ◆ Integrated system based on SC2004 introduced in December 2005.
 - ◆ Aggregates transporters ECQ values to enable trade to be manually entered on Gemini.
 - ◆ Automatically processes Allocation and SOQ values.
 - ◆ Manual input of OPN values by site and relevant shipper.
 - ◆ Manages and discounts Shipper Interruption - P70 Interruptible and Firm notices.
 - ◆ Updates the Distribution Networks choice of ECQ values for the sites on their network that have been emergency curtailed.

P70 Notices

- ◆ Emergency Curtailment Quantity (ECQ) Uniform Calculation Methodology. V1.1
 - ◆ Principle is that : *“A User should notify the Transporter of User “interruption” only if the Supply Point stops the offtake of gas under any commercial arrangement with that User.”*
- ◆ Where a P70 has been notified prior to Emergency Curtailment then the ECQ will be zero.
- ◆ Where a P70 has been notified after Emergency Curtailment then an ECQ will be calculated for every day up to and including the day of notification. From the day after the P70 had been notified the ECQ will be zero.

P70 Notices – Example

- ◆ Site has Firm and Interruptible contracts.
- ◆ Gas Deficit Emergency called Stage 1
 - ◆ Shipper calls off the Interruptible contract and sends a P70I to the relevant Control Room.
 - ◆ Site stops taking gas under its Interruptible contract.
 - ◆ NEC Emergency Curtails all Interruptible sites.
- ◆ ECQ calculated is zero.

P70 Notices – Example

- ◆ GDE progresses to Stage 2 – Market suspension
- ◆ GDE progresses to Stage 3
 - ◆ NEC Emergency curtails all firm loads.
 - ◆ Site stops taking firm gas.
 - ◆ Shipper issues to the relevant control room a P70F later the same day after the Emergency curtailment has occurred but before midnight.
- ◆ A positive ECQ is calculated for the first day of firm curtailment.
- ◆ ECQ calculated for subsequent days is zero.

Current Methodology

- ◆ Calculation of ECQ based on the current Emergency Curtailment Quantity (ECQ) Uniform Calculation Methodology. V1.1
 - ◆ OPNs where available.
 - ◆ Allocations starting with D-7 and rolling back if no data is available.
 - ◆ Flexi SOQ or SOQ where applicable.
- ◆ ECQ is calculated in relation to the remaining hours of the gas day in which curtailment occurs.
 - ◆ For OPN's the volume that would have flowed in the remaining hours of the gas day.
 - ◆ For Allocations and SOQ, the volume is apportioned for the remaining hours of the gas day

Code developments

- ◆ Mod 54 proposed to codify existing ECQ methodology.
- ◆ Alternate Mod 54a was proposed by EON.
 - ◆ Structured hierarchy.
 - ◆ Nominations.
- ◆ Both were rejected by Ofgem on 31st March 2006.

- ◆ EON have since raised Mod 98 to codify an alternative methodology.
 - ◆ Nominations for first day of ECQ calculation for sites that don't provide OPN's.
- ◆ Parallel Mod 98a raised by UKD to bring current ECQ methodology under UNC governance process.

Links

- ◆ The Joint Office Website has the current ECQ Methodology.
 - ◆ <http://www.gasgovernance.com/Code/UNCRel/>
- ◆ For P70 firm and P70 Interruptible notice templates, and additional information about the ECQ process.
 - ◆ <http://www.nationalgrid.com/uk/Gas/OperationalInfo/ECQ/>