

Safety Monitor Update

March 1st 2006

Background

This document sets out an update to the 'Safety Monitors' for the 2005/06 winter, pursuant to National Grid's obligations under the Uniform Network Code (UNC), Section Q.

It is a requirement of our Safety Case that we operate the system of Safety Monitors and that we take action to ensure that storage stocks do not fall below the defined levels. When we published the initial Safety Monitors on 14 September 2005, we noted that we would continue to review the Safety Monitor levels throughout the winter and, if necessary, revise them to reflect material changes to the supply / demand balance. As a consequence of lower than forecast flows of imports through to December 2005 we reallocated the supply risk allowance we included during the initial monitor settings in September. This resulted in a slight reduction in the Long duration storage monitor, with a compensating increase in the Medium duration storage and Short duration storage monitor levels.

On 16th February there was an incident at Rough that resulted in the loss of supplies. Whilst the loss of Rough could have had a material impact on meeting demand and could therefore change the Safety Monitor requirements in Medium and Short duration storage, National Grid did not at the time change the Safety Monitors as:

1. we did not know the length of outage at Rough and sought further information from Centrica Storage
2. national demand at the time was relatively low at approximately 330 mcm/d and the forecast for the next few days was similar

On 20th February, Centrica Storage advised that Rough could be unavailable for one month. National Grid subsequently informed the community that it was not proposing to increase the Safety Monitors at that time but would continue to keep the position under review, monitor forecast demand and supplies, and in addition seek further clarification from Centrica Storage regarding the availability of Rough.

Today 1st March, we have been informed by Centrica Storage that the Rough outage will continue through March and April. These circumstances combined with forecasts of higher demands have necessitated National Grid to update the Safety Monitor requirements.

Revised Safety Monitors

Table 1 below shows the Safety Monitor requirements from March 1st 2006 as of the December 2005 update. The table shows a rapidly declining position with no requirement in Short duration storage.

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Table 1 - December 2005 Safety Monitor Requirements

	December Monitor Requirements					
	Long		Medium		Short	
	GWh	%	GWh	%	GWh	%
01-Mar	869	3%	142	2%	0	0%
02-Mar	851	2%	92	1%	0	0%
03-Mar	827	2%	56	1%	0	0%
04-Mar	796	2%	54	1%	0	0%
05-Mar	766	2%	41	1%	0	0%
06-Mar	730	2%	27	0%	0	0%
07-Mar	695	2%	14	0%	0	0%
08-Mar	661	2%	0	0%	0	0%
09-Mar	622	2%	0	0%	0	0%
10-Mar	583	2%	0	0%	0	0%
11-Mar	539	2%	0	0%	0	0%
12-Mar	497	1%	0	0%	0	0%
13-Mar	455	1%	0	0%	0	0%
14-Mar	413	1%	0	0%	0	0%
15-Mar	368	1%	0	0%	0	0%
16-Mar	324	1%	0	0%	0	0%
17-Mar	280	1%	0	0%	0	0%
18-Mar	241	1%	0	0%	0	0%
19-Mar	205	1%	0	0%	0	0%
20-Mar	172	1%	0	0%	0	0%
21-Mar	142	0%	0	0%	0	0%
22-Mar	121	0%	0	0%	0	0%
23-Mar	103	0%	0	0%	0	0%
24-Mar	88	0%	0	0%	0	0%
25-Mar	79	0%	0	0%	0	0%
26-Mar	71	0%	0	0%	0	0%
27-Mar	63	0%	0	0%	0	0%
28-Mar	56	0%	0	0%	0	0%
29-Mar	49	0%	0	0%	0	0%
30-Mar	42	0%	0	0%	0	0%
31-Mar	36	0%	0	0%	0	0%

With the loss of Rough, no Long duration storage is available and therefore the requirement previously met through Long duration needs to be met by Medium and Short duration storage. To achieve this both the space and deliverability components brought about by the loss of Rough needs to be taken into account.

In determining revised Safety Monitor requirements we have also reviewed our supply assumptions that underpin the analysis. These previously assumed a level of non storage supply of 3799 GWh/d (approximately 348 mcm/d). As a result of higher imports, notably through the Interconnector, we have seen a higher level of non storage supply. Our current view of non storage supply is now 3853 GWh/d (approximately 353 mcm/d).

Table 2 below shows the revised Safety Monitor requirements from March 1st 2006 based on no further availability of Rough and a level of non storage supply of 3853 GWh/d.

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Table 2 – Revised March 2006 Safety Monitor Requirements

	March Update Monitor Requirements					
	Long		Medium		Short	
	GWh	%	GWh	%	GWh	%
01-Mar			709	10%	248	14%
02-Mar			681	9%	208	12%
03-Mar			648	9%	181	10%
04-Mar			616	8%	181	10%
05-Mar			585	8%	167	10%
06-Mar			549	8%	154	9%
07-Mar			515	7%	140	8%
08-Mar			480	7%	127	7%
09-Mar			441	6%	127	7%
10-Mar			402	5%	127	7%
11-Mar			358	5%	127	7%
12-Mar			316	4%	127	7%
13-Mar			274	4%	126	7%
14-Mar			274	4%	85	5%
15-Mar			274	4%	40	2%
16-Mar			269	4%	0	0%
17-Mar			226	3%	0	0%
18-Mar			187	3%	0	0%
19-Mar			151	2%	0	0%
20-Mar			118	2%	0	0%
21-Mar			88	1%	0	0%
22-Mar			67	1%	0	0%
23-Mar			49	1%	0	0%
24-Mar			34	0%	0	0%
25-Mar			25	0%	0	0%
26-Mar			17	0%	0	0%
27-Mar			9	0%	0	0%
28-Mar			2	0%	0	0%
29-Mar			0	0%	0	0%
30-Mar			0	0%	0	0%
31-Mar			0	0%	0	0%

Compared to the December position the table now shows for March 1st a lower level of aggregated space (957 GWh vs 1011 GWh) reflecting the higher level of non storage supplies. However due to the unavailability of Long duration storage both Medium and Short duration storage requirements are now higher at 709 and 248 GWh against previous levels of 142 and 0. Both profiles show a steady decline with no requirement in Short duration storage post 15th March and Medium duration storage post 28th March.

1st March 2006