

Procurement Guidelines Report

For the Period
01 April 2011 – 31 March 2012

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Executive Summary

National Grid has been given discretion with regard to the procurement of System Management Services, subject to an obligation under its Gas Transporter (GT) License to operate the system in an efficient, economic and co-ordinated manner, and taking into account its (System Operator) SO incentives.

National Grid confirms that System Management Services during the period covered by this report have been procured in accordance with the principles set out in the prevailing Procurement Guidelines, and therefore National Grid Gas considers that such activities satisfy its relevant License obligations.

1. Introduction

1.1 Purpose of the document

This document is the Procurement Guidelines Report (“Report”) which National Grid is required to publish in accordance with Special Condition C5 of its GT licence. This Report provides information in respect of the procurement of System Management Services referred to in the Procurement Guidelines. The Procurement Guidelines set out the kinds of System Management Services which National Grid may be interested in purchasing, together with the mechanisms by which National Grid envisages purchasing such services.

This Report, which has been developed in consultation with the Authority, covers each of the services detailed in Table 1 of the Procurement Guidelines, and identifies contractual and market-related information for each of the services.

Terms used within this report shall have the same meaning given to them in National Grid’s GT Licence and the Uniform Network Code, as the case may be.

Further copies of this Report may be obtained from <http://www.nationalgrid.com/uk/Gas/OperationalInfo/>

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1.2 Reporting Period

This Report has been prepared in accordance with paragraph 4 of Special Condition C5. This Condition states that the Report should be produced within one month after the publication date of the Procurement Guidelines which are prepared in accordance with paragraph 3 of this Condition.

The report includes details of System Management Services procured in relation to the gas flow period 1 April 2011 to 31 March 2012 inclusive.

This reporting period covers the last month of the Storage Year 2009/2010 (April 2011) and the majority of Storage Year 2010/2011 (May 2011 to March 2012).

2. Procurement of System Management Services

2.1 Definition of System Management Services

Special Condition C5 (paragraph 15) of National Grid's GT Licence defines the System Management Services as the "services in relation to the balancing of gas inputs to and gas off takes from the NTS and includes balancing trades and balancing trade derivatives and constraint management services".

Table 1 in the Procurement Guidelines Report summarises the above System Management Services as being required for the following applications:

- Operating Margins Gas
- Constrained Storage
- Shrinkage
- Entry Capacity Management
- Exit Capacity Management
- Gas Balancing
- OCM Collateralisation Costs

2.2 System Management Services Procured

The services National Grid procured in this period are summarised in Table 1.

Table 1 - Services Procured

1. Operating Margins (OM)	
The purpose of an OM system management service is to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure. In addition, a quantity of OM is held in reserve to manage the orderly run-down of the system in an emergency.	
Service Component	Component Description and Details
Holdings Contracts (space and deliverability)	<p>National Grid (OM) procures this service at the following storage facilities:</p> <ul style="list-style-type: none"> ▪ NG LNG storage facilities (Avonmouth, Glenmavis, Partington) ▪ Rough storage facility ▪ Hornsea storage facility ▪ Hole House Farm storage facility ▪ Grain LNG Importation terminal <p>At National Grid LNG storage facilities, National Grid (OM) has priority over all other Users in procuring Storage Capacity for OM purposes. However, at Rough, Hornsea and Hole House Farm, National Grid (OM) has the same rights as any other User.</p>

Table 1 - Services Procured

1. Operating Margins (OM)						
The purpose of an OM system management service is to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure. In addition, a quantity of OM is held in reserve to manage the orderly run-down of the system in an emergency.						
Service Component	Component Description and Details					
Holdings Contracts (space and deliverability) Continued	<i>For the period 1 April 2011 – 31 March 2012, National Grid Gas (OM) procured Operating Margins as follows:</i>					
	Month	Facility	Space (kWh)	Unit cost (p/kWh/annum)	Deliverability (kWh/d)	Unit cost (p/kWh)
	Apr-11	Hornsea	35,200,000	1.4834	0	0
		Glenmavis	119,300,000	1.8360	0	0
		Avonmouth	186,200,000	1.5750	0	0
		Hornsea	49,000,000	1.3649	0	0
		Rough	515,600,000	0.4507	0	0
		Hole House Farm	25,000,000	1.5200	0	0
		Partington	77,000,000	1.1690	43,700,000	1.0700
	May-11 to Mar-12	Hornsea	80,000,000	0.6717	0	0
		Avonmouth	145,400,000	3.5440	0	0
		Hatfield Moor	7,500,000	0.5932	0	0
		Rough	505,200,000	0.3010	0	0
		Hole House Farm	25,000,000	1.5200	0	0
	Apr-11 to Dec-11	Isle of Grain	139,000,000	8.1030	0	0
Jan-12 to Mar-12	Isle of Grain	110,000,000	8.2924	0	0	

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1. Operating Margins (OM)				
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Service Component	Component Description and Details			
Holdings Contracts (Delivery Arrangements)	National Grid Gas (OM) procures demand reduction and supply increase services for OM provision.			
	<i>For the period 1 April 2011 – 31 March 2012, National Grid Gas (OM) procured Operating Margins as follows:</i>			
	Month	Contract	OM Deliverability (kWh/d)	Price (p/kWh/d/annum)
	Apr-11	Portfolio of Offtake Reduction and Supply Increase	16,800,000	1.5000
		Portfolio of Offtake Reduction	18,000,000	2.0000
		LNG Importation with Storage	53,200,000	2.4910
	May-11 to Mar-12	Portfolio of Offtake Reduction and Supply Increase	16,800,000	1.7500
		Portfolio of Offtake Reduction	18,000,000	2.1500
		LNG Importation with Storage	34,500,000	1.6493
LNG Importation with Storage		28,800,000	2.2569	
	Single Demand Reduction Point	12,000,000	1.7583	

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Service Component	Component Description and Details
Gas-in-storage 'Swap' tender	<p>National Grid Gas (OM) utilises this service to address OM gas surpluses and deficits. National Grid Gas (OM) issues a 'swap tender' to Users, offering to trade gas in store at a facility where National Grid Gas has an OM surplus for shipper gas in store at a different facility where there is an OM deficit. Users may offer a payment to National Grid Gas or receive a payment from National Grid Gas, reflecting the different injection values attached to the gas.</p> <p><i>No Gas-in-storage SWAP tenders have been made between 1 April 2011 and 31 March 2012.</i></p>

Table 1 - Services Procured

1. Operating Margins (OM)																	
<p>The purpose of an OM system management service is to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure. In addition, a quantity of OM is held in reserve to manage the orderly run-down of the system in an emergency.</p>																	
Service Component	Component Description and Details																
Gas Procurement	<p>National Grid Gas (OM) utilises this service to address an Operating Margins gas deficit at a given storage facility where National Grid Gas holds Operating Margins Capacity Arrangements. National Grid Gas (OM) either issues a tender to Users to meet its requirements or injects gas that has been withdrawn from storage facilities with an Operating Margins gas surplus. Typically, National Grid Gas invites Users to offer to sell gas either in store or at the NBP although National Grid Gas may contract for the purchase of OM gas (as to all or any part of its requirements).</p> <p><i>For the period 1 April 2011 – 31 March 2012, National Grid (OM) procured this service as follows:</i></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Facility</th> <th>In-store quantity (kWh)</th> <th>NBP quantity (kWh)</th> <th>In-store weighted average price (p/kWh)</th> <th>NBP weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr> <td>May-11</td> <td>Hatfield Moor</td> <td>0</td> <td>7,473,312</td> <td>0</td> <td>1.5429</td> </tr> </tbody> </table>					Month	Facility	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)	May-11	Hatfield Moor	0	7,473,312	0	1.5429
Month	Facility	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)												
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Service Component	Component Description and Details																																									
Gas Disposal	<p>National Grid Gas (OM) utilises this service to address a gas surplus at a given storage facility where National Grid Gas holds or has held Operating Margins Capacity Arrangements. National Grid Gas (OM) either issues a tender to Users to meet its requirements or withdraws gas to inject into storage facilities with an Operating Margins gas deficit. Typically, National Grid Gas invites Users to bid to buy gas either in store or at the NBP.</p> <p><i>For the period 1 April 2011 – 31 March 2012, National Grid (OM) procured this service as follows:</i></p> <table border="1"> <thead> <tr> <th>Month</th> <th>Facility</th> <th>In-store quantity (kWh)</th> <th>NBP quantity (kWh)</th> <th>In-store weighted average price (p/kWh)</th> <th>NBP weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Apr-11</td> <td rowspan="2">Glenmavis</td> <td>0</td> <td>73,267,750</td> <td>0</td> <td>1.7924</td> </tr> <tr> <td>0</td> <td>2,732,251</td> <td>0</td> <td>1.8539</td> </tr> <tr> <td rowspan="4">May-11</td> <td>Glenmavis</td> <td>43,300,000</td> <td>0</td> <td>1.9108</td> <td>0</td> </tr> <tr> <td>Rough</td> <td>10,400,000</td> <td>0</td> <td>1.9780</td> <td>0</td> </tr> <tr> <td>Hornsea</td> <td>4,200,000</td> <td>0</td> <td>1.9242</td> <td>0</td> </tr> <tr> <td>Avonmouth</td> <td>40,799,999</td> <td>0</td> <td>2.1995</td> <td>0</td> </tr> </tbody> </table>					Month	Facility	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)	Apr-11	Glenmavis	0	73,267,750	0	1.7924	0	2,732,251	0	1.8539	May-11	Glenmavis	43,300,000	0	1.9108	0	Rough	10,400,000	0	1.9780	0	Hornsea	4,200,000	0	1.9242	0	Avonmouth	40,799,999	0	2.1995	0
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Table 1 - Services Procured

1. Operating Margins (OM)	
<p>The purpose of an OM system management service is to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure. In addition, a quantity of OM is held in reserve to manage the orderly run-down of the system in an emergency.</p>	
Service Component	Component Description and Details
OM Transfer between Storage Facilities	<p>National Grid Gas (OM) utilises this service to address a gas-in-store surplus or deficit by transferring OM gas between Storage Facilities.</p> <p><i>No Transfers between storage facilities have been made between 1 April 2011 and 31 March 2012.</i></p>
OM Utilisation	<p>National Grid Gas (OM) utilises Operating Margins services to ensure Operational Balancing capability in the event of a supply failure, demand forecast change or plant failure.</p> <p><i>No Utilisations have occurred between 1 April 2011 and 31 March 2012.</i></p>

2. Constrained Storage

The purpose of a constrained storage service is to economically meet 1 in 20 capacity obligations at the Network extremities.

For the period 1 April 2011 – 31 March 2012, no CLNG service was procured.

3. Shrinkage

The NTS Shrinkage Provider manages the risk exposure associated with the shrinkage account. Shrinkage covers gas for own use (running of compressors, vented gas, gas used for preheating) and to cover any gas losses (unidentified theft, meter errors, leakage and CV shrinkage associated with variations in calorific value of gas). The account is subject to normal cash-out arrangements if the daily gas quantities delivered to the system do not match the Daily Shrinkage Quantities.

National Grid manages this service by trading gas at the beach or at the NBP, following the approval of Network Code Modification Proposals 0579 (Feb 2003) and 0599 (April 2004)

Service Component	Component Description and Details						
NBP Trades	<i>From 1 April 2011 to 31 March 2012, National Grid procured shrinkage via NBP trades as follows:</i>						
	Month	Total Quantity Purchased (kWh)	Purchase Cost (£)	Weighted Average Purchase Price (p/kWh)	Total Quantity Sold (kWh)	Sell Revenue (£)	Weighted Average Sell Price (p/kWh)
	Apr-11	886,194,772	17,036,605	1.9224	120,686,638	2,397,736	1.9867
	May-11	762,043,214	14,380,665	1.8871	118,048,999	2,228,067	1.8874
	Jun-11	507,481,744	9,736,065	1.9185	60,079,555	1,184,975	1.9723
	Jul-11	338,497,005	6,164,110	1.8210	26,376,390	500,550	1.8977
	Aug-11	345,941,008	6,229,405	1.8007	4,396,065	79,650	1.8118
	Sep-11	411,823,369	7,470,715	1.8141	124,115,569	2,329,388	1.8768
	Oct-11	617,559,211	11,937,510	1.9330	178,919,846	3,446,210	1.9261
	Nov-11	633,766,038	13,178,210	2.0793	171,446,535	3,687,150	2.1506
	Dec-11	675,030,434	13,456,269	1.9934	99,644,140	1,983,400	1.9905
	Jan-12	613,456,217	12,057,637	1.9655	175,696,065	3,533,603	2.0112
	Feb-12	646,221,555	13,297,265	2.0577	151,664,243	3,369,538	2.2217
	Mar-12	456,633,925	9,016,240	1.9745	90,852,010	1,851,350	2.0378

3. Shrinkage

The NTS Shrinkage Provider manages the risk exposure associated with the shrinkage account. Shrinkage covers gas for own use (running of compressors, vented gas, gas used for preheating) and to cover any gas losses (unidentified theft, meter errors, leakage and CV shrinkage associated with variations in calorific value of gas). The account is subject to normal cash-out arrangements if the daily gas quantities delivered to the system do not match the Daily Shrinkage Quantities.

National Grid manages this service by trading gas at the beach or at the NBP, following the approval of Network Code Modification Proposals 0579 (Feb 2003) and 0599 (April 2004)

Service Component	Component Description and Details						
Imbalance Cash-out	<i>From 1 April 2011 to 31 March 2012, National Grid's imbalance cash-out for the NTS shrinkage account was as follows:</i>						
	Month	Quantity Purchased (under delivered) (kWh)	Purchase Cost (at SMP_b) (£)	Weighted Average Cost (p/kWh)	Quantity Sold (over delivered) (kWh)	Sell Revenue (at SMP_s) (£)	Weighted Average Revenue (p/kWh)
	Apr-11	21,719,037	423,168	1.9484	-3,058,592	-59,388	1.9417
	May-11	24,489,698	487,931	1.9924	-2,255,642	-42,551	1.8864
	Jun-11	16,769,812	336,410	2.0060	-580,748	-11,487	1.9780
	Jul-11	16,330,975	312,113	1.9112	-1,008,500	-18,623	1.8466
	Aug-11	20,932,340	396,267	1.8931	-787,053	-13,955	1.7731
	Sep-11	29,519,044	526,330	1.7830	-523,856	-9,838	1.8780
	Oct-11	31,309,937	557,829	1.7816	-4,999,936	-101,796	2.0359
	Nov-11	28,410,236	574,579	2.0224	-139,210	-2,694	1.9349
	Dec-11	17,103,045	325,563	1.9035	-4,126,523	-77,814	1.8857
	Jan-12	8,075,548	153,420	1.8998	-9,487,081	-170,773	1.8001
	Feb-12	34,172,479	836,206	2.4470	-2,017,529	-43,145	2.1385
	Mar-12	12,254,310	242,288	1.9772	-8,703,219	-169,723	1.9501

4. Entry Capacity Management

The purpose of an entry capacity management service is to enable National Grid Gas to efficiently manage entry capacity rights. Entry capacity holdings may need to be reduced to either efficiently manage capacity risk exposure or to reduce holdings, and thereby manage flows onto the system. National Grid Gas may buyback entry capacity from Users via the Gemini entry capacity system or it may enter into Capacity Management Agreements (CMAs).

Service Component	Component Description and Details					
Buybacks on Gemini	<i>For the period 1 April 2011 – 31 March 2012, National Grid Gas procured these services as follows:</i>					
	Month	ASEP	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted average price (p/kWh)
	Apr-11	None	0	0	0	0
	May-11	None	0	0	0	0
	Jun-11	None	0	0	0	0
	Jul-11	None	0	0	0	0
	Aug-11	None	0	0	0	0
	Sep-11	None	0	0	0	0
	Oct-11	None	0	0	0	0
	Nov-11	None	0	0	0	0
	Dec-11	None	0	0	0	0
	Jan-12	None	0	0	0	0
	Feb-12	None	0	0	0	0
	Mar-12	None	0	0	0	0

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Service Component	Component Description and Details																																																		
CMAs – Options Agreements	<p data-bbox="571 544 1944 611"><i>For the period 1 April 2011 – 31 March 2012, National Grid Gas procured these services as follows:</i></p> <table border="1" data-bbox="571 651 1529 1070"> <thead> <tr> <th data-bbox="577 651 788 715">Period</th> <th data-bbox="788 651 1025 715">ASEP</th> <th data-bbox="1025 651 1265 715">Total Quantity Accepted (kWH)</th> <th data-bbox="1265 651 1523 715">Cost of Option (£)</th> </tr> </thead> <tbody> <tr><td data-bbox="577 715 788 746">May-11</td><td data-bbox="788 715 1025 746">None</td><td data-bbox="1025 715 1265 746">0</td><td data-bbox="1265 715 1523 746">0</td></tr> <tr><td data-bbox="577 746 788 778">Jun-11</td><td data-bbox="788 746 1025 778">None</td><td data-bbox="1025 746 1265 778">0</td><td data-bbox="1265 746 1523 778">0</td></tr> <tr><td data-bbox="577 778 788 810">Jul-11</td><td data-bbox="788 778 1025 810">None</td><td data-bbox="1025 778 1265 810">0</td><td data-bbox="1265 778 1523 810">0</td></tr> <tr><td data-bbox="577 810 788 842">Aug-11</td><td data-bbox="788 810 1025 842">None</td><td data-bbox="1025 810 1265 842">0</td><td data-bbox="1265 810 1523 842">0</td></tr> <tr><td data-bbox="577 842 788 874">Sep-11</td><td data-bbox="788 842 1025 874">None</td><td data-bbox="1025 842 1265 874">0</td><td data-bbox="1265 842 1523 874">0</td></tr> <tr><td data-bbox="577 874 788 906">Oct-11</td><td data-bbox="788 874 1025 906">Milford Haven</td><td data-bbox="1025 874 1265 906">199,999,992</td><td data-bbox="1265 874 1523 906">508,400</td></tr> <tr><td data-bbox="577 906 788 938">Nov-11</td><td data-bbox="788 906 1025 938">Milford Haven</td><td data-bbox="1025 906 1265 938">200,000,000</td><td data-bbox="1265 906 1523 938">492,000</td></tr> <tr><td data-bbox="577 938 788 970">Dec-11</td><td data-bbox="788 938 1025 970">Milford Haven</td><td data-bbox="1025 938 1265 970">200,000,000</td><td data-bbox="1265 938 1523 970">508,400</td></tr> <tr><td data-bbox="577 970 788 1002">Jan-12</td><td data-bbox="788 970 1025 1002">Milford Haven</td><td data-bbox="1025 970 1265 1002">199,999,992</td><td data-bbox="1265 970 1523 1002">508,400</td></tr> <tr><td data-bbox="577 1002 788 1034">Feb-12</td><td data-bbox="788 1002 1025 1034">Milford Haven</td><td data-bbox="1025 1002 1265 1034">200,000,000</td><td data-bbox="1265 1002 1523 1034">492,000</td></tr> <tr><td data-bbox="577 1034 788 1066">Mar-12</td><td data-bbox="788 1034 1025 1066">Milford Haven</td><td data-bbox="1025 1034 1265 1066">200,000,000</td><td data-bbox="1265 1034 1523 1066">508,400</td></tr> </tbody> </table>			Period	ASEP	Total Quantity Accepted (kWH)	Cost of Option (£)	May-11	None	0	0	Jun-11	None	0	0	Jul-11	None	0	0	Aug-11	None	0	0	Sep-11	None	0	0	Oct-11	Milford Haven	199,999,992	508,400	Nov-11	Milford Haven	200,000,000	492,000	Dec-11	Milford Haven	200,000,000	508,400	Jan-12	Milford Haven	199,999,992	508,400	Feb-12	Milford Haven	200,000,000	492,000	Mar-12	Milford Haven	200,000,000	508,400
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4. Entry Capacity Management

The purpose of an entry capacity management service is to enable National Grid Gas to efficiently manage entry capacity rights. Entry capacity holdings may need to be reduced to either efficiently manage capacity risk exposure or to reduce holdings, and thereby manage flows onto the system. National Grid Gas may buyback entry capacity from Users via the Gemini entry capacity system or it may enter into Capacity Management Agreements (CMAs).

Service Component	Component Description and Details			
CMAs – Forwards Agreements	<i>For the period 1 April 2011 – 31 March 2012, National Grid Gas procured these services as follows:</i>			
	Month	ASEP	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
Apr-11	None	0	0	0
May-11	None	0	0	0
Jun-11	None	0	0	0
Jul-11	None	0	0	0
Aug-11	None	0	0	0
Sep-11	None	0	0	0
Oct-11	None	0	0	0
Nov-11	None	0	0	0
Dec-11	None	0	0	0
Jan-12	None	0	0	0
Feb-12	None	0	0	0
Mar-12	None	0	0	0

4. Entry Capacity Management

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Service Component	Component Description and Details				
CMAs – Options Utilisation	<i>For the period 1 April 2011 – 31 March 2012, National Grid Gas procured these services as follows:</i>				
	Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (option+exercise) (£)	No. of days on which option exercised
	Apr-11	None	0	0	0
	May-11	None	0	0	0
	Jun-11	None	0	0	0
	Jul-11	None	0	0	0
	Aug-11	None	0	0	0
	Sep-11	None	0	0	0
	Oct-11	None	0	0	0
	Nov-11	None	0	0	0
	Dec-11	None	0	0	0
	Jan-12	None	0	0	0
	Feb-12	None	0	0	0
	Mar-12	None	0	0	0

5. Exit Capacity Management

The purpose of an exit capacity management service is to enable the system to accommodate gas flows in accordance with Users' exit capacity rights. In the event of desired exit flows exceeding capability, National Grid may procure a range of demand/supply side services (including interruption) in order to achieve the desired changes in gas flows. The interruption services may be procured to manage NTS constraints and/or Network Gas Supply Emergencies.

Service Component	Component Description and Details
Interruption to manage NTS constraints	<p>On 1 April 2011, National Grid had interruption access to 29 sites (NTS Power Stations, Industrial Sites and the Moffat Interconnector) with an aggregate potential available interruption of 941.8 GWh (excluding Bacton)</p> <p>In addition, the NTS also had access to a potential 628.4 GWh of Interruption at the Bacton Interconnector along with 8 Storage Sites.</p> <p><i>During the period 01 April 2011 to 31 March 2012, National Grid had no requirement to initiate interruption. There was no requirement for a National Gas Supply Emergency.</i></p>

6. Gas Balancing

The purpose of a gas balancing system management service is to enable National Grid, acting in its role as residual system balancer, to balance the gas inputs to and offtakes from the NTS, within acceptable levels. In order to achieve the desired gas flows, National Grid may carry out 'prompt' gas trades or enter into forwards/options energy contracts ('non-gas-trade' tools which may be used for achieving gas balance are covered under 'entry capacity management' and 'exit capacity management').

Service Component	Component Description and Details
OCM trades	<p>National Grid trades on On-the-day Commodity Market (OCM) day ahead and/or within day to resolve imbalances. OCM trades are deployed to achieve both national system balance and to meet localised requirements. For national system requirements, National Grid trades in all three OCM markets i.e. physical, title and locational. For localised requirements, National Grid only trades in the locational market.</p> <p><i>During the period 1 April 2011 to 31 March 2012, National Grid carried out the following OCM trades:</i></p>

6. Gas Balancing

The purpose of a gas balancing system management service is to enable National Grid, acting in its role as residual system balancer, to balance the gas inputs to and offtakes from the NTS, within acceptable levels. In order to achieve the desired gas flows, National Grid may carry out 'prompt' gas trades or enter into forwards/options energy contracts ('non-gas-trade' tools which may be used for achieving gas balance are covered under 'entry capacity management' and 'exit capacity management').

Service Component	Component Description and Details									
OCM 'Title' trades to address a National Requirement	National 'NBP Title' Trades									
	Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
	Apr-11	18	1	416	1,465,355	1,055,583,155	27,900	18,201,018	1.9040	1.7243
	May-11	16	41	205	94,544,708	583,269,911	1,849,581	11,151,649	1.9563	1.9119
	Jun-11	16	23	166	59,874,407	393,389,219	1,218,988	7,714,535	2.0359	1.9610
	Jul-11	19	42	332	127,544,499	771,568,038	2,408,774	14,331,800	1.8886	1.8575
	Aug-11	19	97	178	217,517,304	388,494,930	4,089,217	7,092,791	1.8800	1.8257
	Sep-11	16	37	316	97,299,573	735,373,772	1,958,045	12,493,244	2.0124	1.6989
	Oct-11	19	83	280	207,963,188	704,806,463	3,790,217	13,384,116	1.8225	1.8990
	Nov-11	15	132	53	378,794,272	125,991,225	7,728,650	2,432,081	2.0403	1.9304
	Dec-11	17	98	136	255,323,462	285,216,706	5,050,114	5,257,410	1.9779	1.8433
	Jan-12	15	87	125	233,196,599	324,165,841	4,459,045	5,344,103	1.9121	1.6486
	Feb-12	15	40	153	83,027,017	336,562,749	1,990,482	6,860,949	2.3974	2.0385
Mar-12	16	115	128	263,089,843	281,905,000	5,395,398	5,276,754	2.0508	1.8718	

6. Gas Balancing

The purpose of a gas balancing system management service is to enable National Grid, acting in its role as residual system balancer, to balance the gas inputs to and offtakes from the NTS, within acceptable levels. In order to achieve the desired gas flows, National Grid may carry out 'prompt' gas trades or enter into forwards/options energy contracts ('non-gas-trade' tools which may be used for achieving gas balance are covered under 'entry capacity management' and 'exit capacity management').

Service Component	Component Description and Details									
OCM 'Physical' trades to address a National Requirement	National 'Physical' Trades									
	Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
	<i>No OCM Physical trades were conducted in this period to address a National Requirement.</i>									
OCM 'Locational' trades to address a National Requirement	National 'Locational' Trades									
	Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
	<i>No locational trades were conducted in this period to address a National Requirement.</i>									

6. Gas Balancing

The purpose of a gas balancing system management service is to enable National Grid, acting in its role as residual system balancer, to balance the gas inputs to and offtakes from the NTS, within acceptable levels. In order to achieve the desired gas flows, National Grid may carry out 'prompt' gas trades or enter into forwards/options energy contracts ('non-gas-trade' tools which may be used for achieving gas balance are covered under 'entry capacity management' and 'exit capacity management').

Service Component	Component Description and Details									
OCM 'Locational' trades to address a Localised Requirement	'Locational' Trades									
	Month	No. of days on which trades accepted	No. of Trade buys	No. of Trade sells	Quantity Purchased (kWh)	Quantity Sold (kWh)	Purchase cost (£)	Sell revenue (£)	Weighted Average Purchase Price (p/kWh)	Weighted Average Sell Price (p/kWh)
	Apr-11	2	0	7	0	32,530,881	0	389,625	0	1.1977
	May-11	2	0	7	0	52,752,780	0	799,666	0	1.5159

7. OCM Collateralisation Costs

National Grid Gas, in its role as the residual system balancer, is required to provide collateralisation to APX Gas Ltd in order to utilise the OCM for system balancing purposes. The costs are incurred by National Grid Gas to provide the collateralisation are recovered from the Users through a balancing neutrality charge.

For the period 1 April 2011 to 31 March 2012, National Grid Gas incurred OCM collateralization costs of £71,654.79