

Procurement Guidelines Report

For the Period

01 April 2013 – 31 March 2014

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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 8a 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://www2.nationalgrid.com/UK/Industry-information/Business-compliance/Procurement-and-System-Management-Documents/>

1.2 Reporting Period

This Report has been prepared in accordance with Part B of Special Condition 8a. 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 Part B of this Condition.

The report includes details of System Management Services procured in relation to the gas flow period 1 April 2013 to 31 March 2014 inclusive.

This reporting period covers the last month of the Storage Year 2012/2013 (April 2013) and the majority of Storage Year 2013/2014 (May 2013 to March 2014).

2. Procurement of System Management Services

2.1 Definition of System Management Services

Special Condition 8a Part K 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:

1. Operating Margins Gas
2. Constrained Storage
3. Shrinkage
4. Entry Capacity Management
5. Exit Capacity Management
6. Gas Balancing
7. 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)	
<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
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) ▪ Dragon LNG ▪ Rough storage facility ▪ Hornsea storage facility ▪ Hole House Farm storage facility ▪ Hatfield Moor storage facility ▪ Humbly Grove storage facility ▪ Grain LNG Importation terminal ▪ Aldbrough storage facility <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 Dragon LNG, Grain LNG, Langage, Rough, Hornsea, Hatfield Moor, Humbly Grove, Aldbrough 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 2013 – 31 March 2014, 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-13	Aldbrough	49,066,486	0.9613	0	0
		Hornsea	101,557,214	0.8335	0	0
		Hole House Farm	25,000,000	1.5217	0	0
		Rough	486,737,313	0.4221	0	0
		Avonmouth	151,949,904	3.7511	0	0
	May-13 to Mar-14	Hole House Farm	33,000,000	1.3406	0	0
		Hatfield Moor	3,900,000	0.4087	0	0
		Rough	443,900,000	0.3808	0	0
		Hornsea	100,000,000	0.4933	0	0
		Aldbrough	35,550,000	0.8761	0	0
		Humbly Grove	31,115,408	2.5054	0	0
		Avonmouth	115,334,600	3.8786	0	0
Apr-13 to Dec-13	Isle of Grain	110,000,000	8.5364	0	0	
Jan-14- to Mar-14	Isle of Grain	131,000,000	7.9600	0	0	

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 (Delivery Arrangements)	National Grid Gas (OM) procures demand reduction and supply increase services for OM provision. <i>For the period 1 April 2013 – 31 March 2014, National Grid Gas (OM) procured Operating Margins as follows:</i>			
	Month	Contract	OM Deliverability (kWh/d)	Price (p/kWh/d/annum)
	Apr-13	Demand Portfolio	22,489,091	1.8575
		Single Demand Reduction Point	24,000,000	1.2014
		LNG Importation with Storage	30,000,000	2.2456
		LNG Importation with Storage	30,000,000	2.2180
		LNG Importation with Storage	33,999,992	1.6234
		Supply and/or Demand Portfolio	25,200,000	1.1680
	May-13 to Mar-14	LNG Importation with Storage	33,999,992	1.6941
		Single Demand Reduction Point	24,000,000	1.2292
		Demand Portfolio	14,000,000	3.1967
		Supply and/or Demand Portfolio	25,200,000	1.1667
		LNG Importation with Storage	60,000,000	2.2340
		LNG Importation with Storage	60,000,000	2.3174

Table 1 - Services Procured	
1. Operating Margins (OM)	
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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 2013 and 31 March 2014.</i></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																											
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 2013 – 31 March 2014, National Grid (OM) procured this service as follows:</i></p> <table border="1" data-bbox="427 820 2042 1091"> <thead> <tr> <th data-bbox="427 820 663 948">Month</th> <th data-bbox="663 820 1106 948">Facility</th> <th data-bbox="1106 820 1341 948">In-store quantity (kWh)</th> <th data-bbox="1341 820 1576 948">NBP quantity (kWh)</th> <th data-bbox="1576 820 1812 948">In-store weighted average price (p/kWh)</th> <th data-bbox="1812 820 2042 948">NBP weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 948 663 1091" rowspan="3">May-13</td> <td data-bbox="663 948 1106 995">Hole House Farm</td> <td data-bbox="1106 948 1341 995"></td> <td data-bbox="1341 948 1576 995">8,000,000</td> <td data-bbox="1576 948 1812 995"></td> <td data-bbox="1812 948 2042 995">2.2300</td> </tr> <tr> <td data-bbox="663 995 1106 1043">Hatfield Moor</td> <td data-bbox="1106 995 1341 1043">3,900,000</td> <td data-bbox="1341 995 1576 1043"></td> <td data-bbox="1576 995 1812 1043">2.3638</td> <td data-bbox="1812 995 2042 1043"></td> </tr> <tr> <td data-bbox="663 1043 1106 1091">Humbly Grove</td> <td data-bbox="1106 1043 1341 1091"></td> <td data-bbox="1341 1043 1576 1091">17,598,922</td> <td data-bbox="1576 1043 1812 1091"></td> <td data-bbox="1812 1043 2042 1091">2.2300</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-13	Hole House Farm		8,000,000		2.2300	Hatfield Moor	3,900,000		2.3638		Humbly Grove		17,598,922		2.2300
Month	Facility	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)																							
May-13	Hole House Farm		8,000,000		2.2300																							
	Hatfield Moor	3,900,000		2.3638																								
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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																										
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 2013 – 31 March 2014, National Grid (OM) procured this service as follows:</i></p> <table border="1" data-bbox="427 788 2024 1050"> <thead> <tr> <th data-bbox="427 788 656 914">Month</th> <th data-bbox="656 788 1099 914">Facility</th> <th data-bbox="1099 788 1328 914">In-store quantity (kWh)</th> <th data-bbox="1328 788 1556 914">NBP quantity (kWh)</th> <th data-bbox="1556 788 1785 914">In-store weighted average price (p/kWh)</th> <th data-bbox="1785 788 2024 914">NBP weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr> <td data-bbox="427 914 656 959" rowspan="3">May-13</td> <td data-bbox="656 914 1099 959">Hornsea</td> <td data-bbox="1099 914 1328 959">1,557,214</td> <td data-bbox="1328 914 1556 959"></td> <td data-bbox="1556 914 1785 959">2.2844</td> <td data-bbox="1785 914 2024 959"></td> </tr> <tr> <td data-bbox="656 959 1099 1003">Rough</td> <td data-bbox="1099 959 1328 1003">42,837,313</td> <td data-bbox="1328 959 1556 1003"></td> <td data-bbox="1556 959 1785 1003">2.3517</td> <td data-bbox="1785 959 2024 1003"></td> </tr> <tr> <td data-bbox="656 1003 1099 1050">Avonmouth</td> <td data-bbox="1099 1003 1328 1050">36,615,304</td> <td data-bbox="1328 1003 1556 1050"></td> <td data-bbox="1556 1003 1785 1050">2.8662</td> <td data-bbox="1785 1003 2024 1050"></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-13	Hornsea	1,557,214		2.2844		Rough	42,837,313		2.3517		Avonmouth	36,615,304		2.8662	
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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<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	National Grid Gas (OM) utilises this service to address a gas-in-store surplus or deficit by transferring OM gas between Storage Facilities.			
	<i>For the period 1 April 2013 – 31 March 2014, National Grid (OM) procured this service as follows:</i>			
	Month	Facility From	Facility To	In-store quantity (kWh)
May-13	Aldbrough	Humbly Grove	13,516,486	2.0492
OM Utilisation	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.			
	<i>No Utilisations have occurred between 1 April 2013 and 31 March 2014.</i>			

Table 1 - Services Procured

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 2013 – 31 March 2014

Month	Facility	Shipper Booked Deliverability (kWh)	Transportation Credit (p/kWh/day)
April 2013 to March 2014	Avonmouth LNG	0	N/A

Table 1 - Services 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>For 1 April 2013 to 31 March 2014, National Grid procured NTS 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-13	395,030,401	9,197,482.50	2.3283			
	May-13	348,051,120	7,665,847.40	2.2025	2,784,175	59,945.00	2.1531
	Jun-13	255,704,448	5,405,375.00	2.1139			
	Jul-13	364,873,395	8,042,872.50	2.2043			
	Aug-13	192,987,254	4,253,837.50	2.2042	52,078,717	1,135,702.00	2.1807
	Sep-13	185,513,943	4,079,832.50	2.1992	25,204,106	558,202.50	2.2147
	Oct-13	402,093,412	9,341,261.25	2.3232	75,319,247	1,673,067.50	2.2213
	Nov-13	420,556,885	9,914,375.00	2.3574	1,465,355	32,075.00	2.1889
	Dec-13	404,584,516	9,626,831.25	2.3794			
	Jan-14	441,951,068	10,498,516.25	2.3755			
	Feb-14	411,032,078	9,514,187.50	2.3147			
	Mar-14	375,863,558	8,974,943.75	2.3878	94,661,933	1,819,790.00	1.9224

Table 1 - Services 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						
Imbalance Cash-out	<i>From 1 April 2013 to 31 March 2014, 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-13	40,035,972	1,002,916.56	2.5050	2,260,382	57,802.19	2.5572
	May-13	29,226,404	671,039.62	2.2960	1,139,618	25,620.89	2.2482
	Jun-13	28,853,708	583,945.51	2.0238	123,321	2,591.87	2.1017
	Jul-13	33,163,490	750,093.57	2.2618	1,438,708	31,307.69	2.1761
	Aug-13	15,838,689	357,552.52	2.2575	10,882,668	234,344.54	2.1534
	Sep-13	19,879,145	450,746.46	2.2674	7,452,710	163,682.11	2.1963
	Oct-13	15,254,229	334,330.80	2.1917	10,548,733	226,964.61	2.1516
	Nov-13	14,455,579	341,066.89	2.3594	9,872,596	223,065.09	2.2594
	Dec-13	20,194,615	482,248.05	2.3880	2,217,751	51,336.39	2.3148
	Jan-14	22,096,371	497,898.12	2.2533	2,067,282	44,654.31	2.1600
	Feb-14	15,934,683	324,058.60	2.0337	7,201,453	144,679.43	2.0090
	Mar-14	5,425,465	99,710.43	1.8378	13,546,959	260,075.67	1.9198

Table 1 - Services Procured

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). National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component	Component Description and Details																																																																																		
Buybacks on Gemini	<p data-bbox="573 536 1944 608"><i>For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:</i></p> <table border="1" data-bbox="645 647 1839 1283"> <thead> <tr> <th data-bbox="645 647 792 772">Month</th> <th data-bbox="797 647 945 772">ASEP</th> <th data-bbox="949 647 1173 772">No. of days on which offers accepted</th> <th data-bbox="1178 647 1379 772">No. of offers accepted</th> <th data-bbox="1384 647 1608 772">Quantity accepted (kWh)</th> <th data-bbox="1612 647 1839 772">Weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr><td data-bbox="645 775 792 815">Apr-13</td><td data-bbox="797 775 945 815">None</td><td data-bbox="949 775 1173 815">0</td><td data-bbox="1178 775 1379 815">0</td><td data-bbox="1384 775 1608 815">0</td><td data-bbox="1612 775 1839 815">0</td></tr> <tr><td data-bbox="645 818 792 858">May-13</td><td data-bbox="797 818 945 858">None</td><td data-bbox="949 818 1173 858">0</td><td data-bbox="1178 818 1379 858">0</td><td data-bbox="1384 818 1608 858">0</td><td data-bbox="1612 818 1839 858">0</td></tr> <tr><td data-bbox="645 861 792 901">Jun-13</td><td data-bbox="797 861 945 901">None</td><td data-bbox="949 861 1173 901">0</td><td data-bbox="1178 861 1379 901">0</td><td data-bbox="1384 861 1608 901">0</td><td data-bbox="1612 861 1839 901">0</td></tr> <tr><td data-bbox="645 904 792 944">Jul-13</td><td data-bbox="797 904 945 944">None</td><td data-bbox="949 904 1173 944">0</td><td data-bbox="1178 904 1379 944">0</td><td data-bbox="1384 904 1608 944">0</td><td data-bbox="1612 904 1839 944">0</td></tr> <tr><td data-bbox="645 948 792 987">Aug-13</td><td data-bbox="797 948 945 987">None</td><td data-bbox="949 948 1173 987">0</td><td data-bbox="1178 948 1379 987">0</td><td data-bbox="1384 948 1608 987">0</td><td data-bbox="1612 948 1839 987">0</td></tr> <tr><td data-bbox="645 991 792 1031">Sep-13</td><td data-bbox="797 991 945 1031">None</td><td data-bbox="949 991 1173 1031">0</td><td data-bbox="1178 991 1379 1031">0</td><td data-bbox="1384 991 1608 1031">0</td><td data-bbox="1612 991 1839 1031">0</td></tr> <tr><td data-bbox="645 1034 792 1074">Oct-13</td><td data-bbox="797 1034 945 1074">None</td><td data-bbox="949 1034 1173 1074">0</td><td data-bbox="1178 1034 1379 1074">0</td><td data-bbox="1384 1034 1608 1074">0</td><td data-bbox="1612 1034 1839 1074">0</td></tr> <tr><td data-bbox="645 1077 792 1117">Nov-13</td><td data-bbox="797 1077 945 1117">None</td><td data-bbox="949 1077 1173 1117">0</td><td data-bbox="1178 1077 1379 1117">0</td><td data-bbox="1384 1077 1608 1117">0</td><td data-bbox="1612 1077 1839 1117">0</td></tr> <tr><td data-bbox="645 1120 792 1160">Dec-13</td><td data-bbox="797 1120 945 1160">None</td><td data-bbox="949 1120 1173 1160">0</td><td data-bbox="1178 1120 1379 1160">0</td><td data-bbox="1384 1120 1608 1160">0</td><td data-bbox="1612 1120 1839 1160">0</td></tr> <tr><td data-bbox="645 1163 792 1203">Jan-14</td><td data-bbox="797 1163 945 1203">None</td><td data-bbox="949 1163 1173 1203">0</td><td data-bbox="1178 1163 1379 1203">0</td><td data-bbox="1384 1163 1608 1203">0</td><td data-bbox="1612 1163 1839 1203">0</td></tr> <tr><td data-bbox="645 1206 792 1246">Feb-14</td><td data-bbox="797 1206 945 1246">None</td><td data-bbox="949 1206 1173 1246">0</td><td data-bbox="1178 1206 1379 1246">0</td><td data-bbox="1384 1206 1608 1246">0</td><td data-bbox="1612 1206 1839 1246">0</td></tr> <tr><td data-bbox="645 1249 792 1289">Mar-14</td><td data-bbox="797 1249 945 1289">None</td><td data-bbox="949 1249 1173 1289">0</td><td data-bbox="1178 1249 1379 1289">0</td><td data-bbox="1384 1249 1608 1289">0</td><td data-bbox="1612 1249 1839 1289">0</td></tr> </tbody> </table>					Month	ASEP	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted average price (p/kWh)	Apr-13	None	0	0	0	0	May-13	None	0	0	0	0	Jun-13	None	0	0	0	0	Jul-13	None	0	0	0	0	Aug-13	None	0	0	0	0	Sep-13	None	0	0	0	0	Oct-13	None	0	0	0	0	Nov-13	None	0	0	0	0	Dec-13	None	0	0	0	0	Jan-14	None	0	0	0	0	Feb-14	None	0	0	0	0	Mar-14	None	0	0	0	0
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Mar-14	None	0	0	0	0																																																																														

Table 1 - Services Procured

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). National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details****CMAs – Options Agreements**

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Period	ASEP	Total Quantity Accepted (kWh)	Cost of Option (£)
Apr-13	None	0	0
May-13	None	0	0
Jun-13	None	0	0
Jul-13	None	0	0
Aug-13	None	0	0
Sep-13	None	0	0
Oct-13	None	0	0
Nov-13	None	0	0
Dec-13	None	0	0
Jan-14	None	0	0
Feb-14	None	0	0
Mar-14	None	0	0

Table 1 - Services Procured**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). National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details**

CMAs – Forwards Agreements

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Month	ASEP	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
Apr-13	None	0	0
May-13	None	0	0
Jun-13	None	0	0
Jul-13	None	0	0
Aug-13	None	0	0
Sep-13	None	0	0
Oct-13	None	0	0
Nov-13	None	0	0
Dec-13	None	0	0
Jan-14	None	0	0
Feb-14	None	0	0
Mar-14	None	0	0

Table 1 - Services Procured

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). National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component	Component Description and Details																																																																				
CMAs – Options Utilisation	<p><i>For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:</i></p> <table border="1" data-bbox="645 687 1818 1315"> <thead> <tr> <th data-bbox="645 687 871 810">Month</th> <th data-bbox="875 687 1072 810">ASEP</th> <th data-bbox="1077 687 1330 810">Quantity utilised (kWh)</th> <th data-bbox="1335 687 1597 810">Total Cost of utilisation (exercise) (£)</th> <th data-bbox="1601 687 1818 810">No. of days on which option exercised</th> </tr> </thead> <tbody> <tr><td data-bbox="645 813 871 850">Apr-13</td><td data-bbox="875 813 1072 850">None</td><td data-bbox="1077 813 1330 850">0</td><td data-bbox="1335 813 1597 850">0</td><td data-bbox="1601 813 1818 850">0</td></tr> <tr><td data-bbox="645 853 871 890">May-13</td><td data-bbox="875 853 1072 890">None</td><td data-bbox="1077 853 1330 890">0</td><td data-bbox="1335 853 1597 890">0</td><td data-bbox="1601 853 1818 890">0</td></tr> <tr><td data-bbox="645 893 871 930">Jun-13</td><td data-bbox="875 893 1072 930">None</td><td data-bbox="1077 893 1330 930">0</td><td data-bbox="1335 893 1597 930">0</td><td data-bbox="1601 893 1818 930">0</td></tr> <tr><td data-bbox="645 933 871 970">Jul-13</td><td data-bbox="875 933 1072 970">None</td><td data-bbox="1077 933 1330 970">0</td><td data-bbox="1335 933 1597 970">0</td><td data-bbox="1601 933 1818 970">0</td></tr> <tr><td data-bbox="645 973 871 1010">Aug-13</td><td data-bbox="875 973 1072 1010">None</td><td data-bbox="1077 973 1330 1010">0</td><td data-bbox="1335 973 1597 1010">0</td><td data-bbox="1601 973 1818 1010">0</td></tr> <tr><td data-bbox="645 1013 871 1050">Sep-13</td><td data-bbox="875 1013 1072 1050">None</td><td data-bbox="1077 1013 1330 1050">0</td><td data-bbox="1335 1013 1597 1050">0</td><td data-bbox="1601 1013 1818 1050">0</td></tr> <tr><td data-bbox="645 1053 871 1090">Oct-13</td><td data-bbox="875 1053 1072 1090">None</td><td data-bbox="1077 1053 1330 1090">0</td><td data-bbox="1335 1053 1597 1090">0</td><td data-bbox="1601 1053 1818 1090">0</td></tr> <tr><td data-bbox="645 1093 871 1129">Nov-13</td><td data-bbox="875 1093 1072 1129">None</td><td data-bbox="1077 1093 1330 1129">0</td><td data-bbox="1335 1093 1597 1129">0</td><td data-bbox="1601 1093 1818 1129">0</td></tr> <tr><td data-bbox="645 1133 871 1169">Dec-13</td><td data-bbox="875 1133 1072 1169">None</td><td data-bbox="1077 1133 1330 1169">0</td><td data-bbox="1335 1133 1597 1169">0</td><td data-bbox="1601 1133 1818 1169">0</td></tr> <tr><td data-bbox="645 1173 871 1209">Jan-14</td><td data-bbox="875 1173 1072 1209">None</td><td data-bbox="1077 1173 1330 1209">0</td><td data-bbox="1335 1173 1597 1209">0</td><td data-bbox="1601 1173 1818 1209">0</td></tr> <tr><td data-bbox="645 1212 871 1249">Feb-14</td><td data-bbox="875 1212 1072 1249">None</td><td data-bbox="1077 1212 1330 1249">0</td><td data-bbox="1335 1212 1597 1249">0</td><td data-bbox="1601 1212 1818 1249">0</td></tr> <tr><td data-bbox="645 1252 871 1289">Mar-14</td><td data-bbox="875 1252 1072 1289">None</td><td data-bbox="1077 1252 1330 1289">0</td><td data-bbox="1335 1252 1597 1289">0</td><td data-bbox="1601 1252 1818 1289">0</td></tr> </tbody> </table>				Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (exercise) (£)	No. of days on which option exercised	Apr-13	None	0	0	0	May-13	None	0	0	0	Jun-13	None	0	0	0	Jul-13	None	0	0	0	Aug-13	None	0	0	0	Sep-13	None	0	0	0	Oct-13	None	0	0	0	Nov-13	None	0	0	0	Dec-13	None	0	0	0	Jan-14	None	0	0	0	Feb-14	None	0	0	0	Mar-14	None	0	0	0
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Table 1 - Services Procured**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). National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details****Flow Management Agreements**

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Month	ASEP	Total Cost (£)
Apr-13	None	0
May-13	None	0
Jun-13	None	0
Jul-13	None	0
Aug-13	None	0
Sep-13	None	0
Oct-13	None	0
Nov-13	None	0
Dec-13	None	0
Jan-14	None	0
Feb-14	None	0
Mar-14	None	0

Table 1 - Services Procured**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 in order to achieve the desired changes in gas flows. National Grid Gas may buyback exit capacity from Users via the Gemini exit capacity system or it may enter into Capacity Management Agreements (CMAs), to manage NTS exit constraints and/or Network Gas Supply Emergencies. National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details****Buybacks on Gemini**

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Month	Exit Point	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted average price (p/kWh)
Apr-13	None	0	0	0	0
May-13	None	0	0	0	0
Jun-13	SeabankB PS	3	3	57,300,000	0.0269
Jul-13	None	0	0	0	0
Aug-13	None	0	0	0	0
Sep-13	None	0	0	0	0
Oct-13	None	0	0	0	0
Nov-13	None	0	0	0	0
Dec-13	None	0	0	0	0
Jan-14	None	0	0	0	0
Feb-14	None	0	0	0	0
Mar-14	None	0	0	0	0

Table 1 - Services Procured**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 in order to achieve the desired changes in gas flows. National Grid Gas may buyback exit capacity from Users via the Gemini exit capacity system or it may enter into Capacity Management Agreements (CMAs), to manage NTS exit constraints and/or Network Gas Supply Emergencies. National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details****CMAs – Options Agreements**

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Period	Exit Point	Total Quantity Accepted (kWH)	Cost of Option (£)
Apr-13	None	0	0
May-13	None	0	0
Jun-13	SeabankB PS	57,300,000	0
Jul-13	SeabankB PS	382,000,000	0
Aug-13	None	0	0
Sep-13	None	0	0
Oct-13	None	0	0
Nov-13	None	0	0
Dec-13	None	0	0
Jan-14	None	0	0
Feb-14	None	0	0
Mar-14	None	0	0

Table 1 - Services Procured

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 in order to achieve the desired changes in gas flows. National Grid Gas may buyback exit capacity from Users via the Gemini exit capacity system or it may enter into Capacity Management Agreements (CMAs), to manage NTS exit constraints and/or Network Gas Supply Emergencies. National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component	Component Description and Details			
CMAs – Forwards Agreements	<i>For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:</i>			
	Month	Exit Point	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
	Apr-13	None	0	0
	May-13	None	0	0
	Jun-13	None	0	0
	Jul-13	None	0	0
	Aug-13	None	0	0
	Sep-13	None	0	0
	Oct-13	None	0	0
	Nov-13	None	0	0
	Dec-13	None	0	0
	Jan-14	None	0	0
	Feb-14	None	0	0
	Mar-14	None	0	0

Table 1 - Services Procured

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Service Component	Component Description and Details																																																																				
CMAs – Options Utilisation	<i>For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:</i>																																																																				
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Aug-13	None	0	0	0																																																																	
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Table 1 - Services Procured**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 in order to achieve the desired changes in gas flows. National Grid Gas may buyback exit capacity from Users via the Gemini exit capacity system or it may enter into Capacity Management Agreements (CMAs), to manage NTS exit constraints and/or Network Gas Supply Emergencies. National Grid may develop further services or enter into contracts that will enable it to better manage both its operational and commercial risks.

Service Component**Component Description and Details****Flow Management Agreements**

For the period 1 April 2013 – 31 March 2014, National Grid Gas procured these services as follows:

Month	Exit Point	Total Cost (£)
Apr-13	None	0
May-13	None	0
Jun-13	None	0
Jul-13	Seabank PS	£40,000
Aug-13	None	0
Sep-13	None	0
Oct-13	None	0
Nov-13	Baglan Bay PS	£75,000
Dec-13	None	0
Jan-14	None	0
Feb-14	None	0
Mar-14	None	0

Table 1 - Services Procured

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 the ICE Endex 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 2013 to 31 March 2014, National Grid carried out the following OCM trades:</i></p>

Table 1 - Services Procured

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	Number of Trade Buys	Number 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-13	19	47	166	88,566,060	370,002,148	£2,205,853	£8,595,491	2.49063	2.323092
May-13	14	158	82	342,013,863	207,289,123	£7,984,929	£4,588,367	2.33468	2.213511
Jun-13	19	92	98	203,801,576	206,175,455	£4,285,883	£3,717,786	2.102969	1.803215
Jul-13	17	75	86	172,648,134	177,688,954	£3,909,513	£3,892,445	2.26444	2.190595
Aug-13	15	109	65	275,809,123	140,029,327	£6,209,286	£3,068,502	2.251298	2.191328
Sep-13	14	75	88	184,898,498	194,159,541	£4,173,917	£4,322,187	2.25741	2.226101
Oct-13	18	88	144	237,534,048	333,104,504	£5,479,133	£6,848,920	2.306673	2.056087
Nov-13	21	122	76	311,387,944	198,028,079	£7,361,810	£4,528,511	2.364192	2.286803
Dec-13	14	91	73	224,111,398	165,966,111	£5,436,453	£3,845,124	2.425782	2.316813
Jan-14	13	40	159	124,320,720	361,972,000	£2,747,108	£7,938,345	2.209694	2.193082
Feb-14	14	96	101	217,927,599	230,207,276	£4,536,604	£4,597,551	2.081702	1.997136
Mar-14	8	57	70	115,645,821	156,910,218	£2,177,417	£3,067,035	1.882833	1.954643

Table 1 - Services Procured

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>									

Table 1 - Services Procured

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)
	<i>No locational trades were conducted in this period to address a National Requirement</i>									

Table 1 - Services Procured**7. OCM Collateralisation Costs**

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

For the period 1 April 2013 to 31 March 2014, National Grid Gas incurred OCM collateralisation costs of £90,000.