

# Procurement Guidelines Report

For the Period  
01 April 2014 – 31 March 2015

# CONTENTS

	<b>Page</b>
<b>Executive Summary</b> .....	<b>2</b>
<b>1. Introduction</b> .....	<b>4</b>
1.1 Purpose of the document.....	4
1.2 Reporting Period.....	4
<b>2. Procurement of System Management Services</b> .....	<b>5</b>
2.1 Definition of System Management Services.....	5
2.2 System Management Services Procured.....	5

## Service Component Table 1

1. Operating Margins (OM)	6
2. Constrained Storage	13
3. Shrinkage	14
4. Entry Capacity Management	16
5. Exit Capacity Management	21
6. Gas Balancing	26
7. OCM Collateralisation Costs	30

## 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/>

Or from:

Paul Gallagher  
National Grid  
Warwick  
CV34 6DA  
E-mail: Paul.Gallagher@nationalgrid.com

### 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 2014 to 31 March 2015 inclusive.

This reporting period covers the last month of the Storage Year 2013/2014 (April 2014) and the majority of Storage Year 2014/2015 (May 2014 to March 2015).

## **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

<b>1. Operating Margins (OM)</b>	
<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>	
<b>Service Component</b>	<b>Component Description and Details</b>
<b>Holdings Contracts (space and deliverability)</b>	<p>National Grid (OM) procures this service at the following storage facilities:</p> <ul style="list-style-type: none"> <li>▪ NG LNG storage facilities (Avonmouth)</li> <li>▪ Dragon LNG</li> <li>▪ Rough storage facility</li> <li>▪ Hornsea storage facility</li> <li>▪ Hole House Farm storage facility</li> <li>▪ Hatfield Moor storage facility</li> <li>▪ Humbly Grove storage facility</li> <li>▪ Grain LNG Importation terminal</li> <li>▪ Aldbrough Storage Facility</li> </ul> <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, 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

<b>1. Operating Margins (OM)</b>						
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.						
<b>Service Component</b>	<b>Component Description and Details</b>					
<b>Holdings Contracts (space and deliverability) Continued</b>	<b><i>For the period 1 April 2014 – 31 March 2015, National Grid Gas (OM) procured Operating Margins as follows:</i></b>					
	<b>Month</b>	<b>Facility</b>	<b>Space (kWh)</b>	<b>Unit cost (p/kWh/annum)</b>	<b>Deliverability (kWh/d)</b>	<b>Unit cost (p/kWh)</b>
	Apr-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	115,330,000	3.8786	0	0
	May-14 to Mar-15	Hole House Farm	35,000,000	1.36857	0	0
		Hatfield Moor	10,000,000	0.41304	0	0
		Rough	443,900,000	0.19300	0	0
		Hornsea	100,000,000	0.57750	0	0
Humbly Grove		69,639,167	2.46943	0	0	
Avonmouth		209,697,500	4.00610	0	0	
Apr-14 to Dec-14	Isle of Grain	131,000,000	4.56231	0	0	
Jan-15 to Mar 15	Isle of Grain	131,000,000	4.68290	0	0	

**Table 1 - Services Procured**

<b>1. Operating Margins (OM)</b>				
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.				
<b>Service Component</b>	<b>Component Description and Details</b>			
<b>Holdings Contracts (Delivery Arrangements)</b>	National Grid Gas (OM) procures demand reduction and supply increase services for OM provision.			
	<i>For the period 1 April 2014 – 31 March 2015, National Grid Gas (OM) procured Operating Margins as follows:</i>			
	<b>Month</b>	<b>Contract</b>	<b>OM Deliverability (kWh/d)</b>	<b>Price (p/kWh/d/annum)</b>
	Apr-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	2.234
		LNG Importation with Storage	60,000,000	2.3174
	May-14 to Mar-15	LNG Importation with Storage	22,788,333	3.3460
		LNG Importation with Storage	59,465,833	2.2539
		Single Demand Reduction Point	33,500,000	0.8299
Primary Capacity Holder of LNG Importation with Storage		24,840,000	3.2025	
Supply and/or Demand Portfolio		23,000,000	0.9257	



Table 1 - Services Procured

<b>1. Operating Margins (OM)</b>	
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.	
<b>Service Component</b>	<b>Component Description and Details</b>
<b>Gas-in-storage 'Swap' tender</b>	<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><b><i>No Gas-in-storage SWAP tenders have been made between 1 April 2014 and 31 March 2015.</i></b></p>

Table 1 - Services Procured

<b>1. Operating Margins (OM)</b>																							
<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>																							
<b>Service Component</b>	<b>Component Description and Details</b>																						
<b>Gas Procurement</b>	<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 2014 – 31 March 2015, National Grid (OM) procured this service as follows:</i></p> <table border="1"> <thead> <tr> <th><b>Month</b></th> <th><b>Facility</b></th> <th><b>In-store quantity (kWh)</b></th> <th><b>NBP quantity (kWh)</b></th> <th><b>In-store weighted average price (p/kWh)</b></th> <th><b>NBP weighted average price (p/kWh)</b></th> </tr> </thead> <tbody> <tr> <td>May-14</td> <td>Humbly Grove</td> <td>38,523,759</td> <td></td> <td>1.7914</td> <td></td> </tr> <tr> <td>May-14 to Nov-14</td> <td>Avonmouth</td> <td>8,528,460</td> <td>85,164,938</td> <td>2.2227</td> <td>1.7573</td> </tr> </tbody> </table>					<b>Month</b>	<b>Facility</b>	<b>In-store quantity (kWh)</b>	<b>NBP quantity (kWh)</b>	<b>In-store weighted average price (p/kWh)</b>	<b>NBP weighted average price (p/kWh)</b>	May-14	Humbly Grove	38,523,759		1.7914		May-14 to Nov-14	Avonmouth	8,528,460	85,164,938	2.2227	1.7573
<b>Month</b>	<b>Facility</b>	<b>In-store quantity (kWh)</b>	<b>NBP quantity (kWh)</b>	<b>In-store weighted average price (p/kWh)</b>	<b>NBP weighted average price (p/kWh)</b>																		
May-14	Humbly Grove	38,523,759		1.7914																			
May-14 to Nov-14	Avonmouth	8,528,460	85,164,938	2.2227	1.7573																		

Table 1 - Services Procured

<b>1. Operating Margins (OM)</b>																	
<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>																	
<b>Service Component</b>	<b>Component Description and Details</b>																
<b>Gas Disposal</b>	<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 2014 – 31 March 2015, 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-14</td> <td>Aldbrough</td> <td></td> <td>27,450,001</td> <td></td> <td>1.5967</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-14	Aldbrough		27,450,001		1.5967
Month	Facility	In-store quantity (kWh)	NBP quantity (kWh)	In-store weighted average price (p/kWh)	NBP weighted average price (p/kWh)												
May-14	Aldbrough		27,450,001		1.5967												

Table 1 - Services Procured

<b>1. Operating Margins (OM)</b>					
<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>					
<b>Service Component</b>	<b>Component Description and Details</b>				
<b>OM Transfer between Storage Facilities</b>	<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>For the period 1 April 2014 – 31 March 2015, National Grid (OM) procured this service as follows:</i></p>				
	<b>Month</b>	<b>Facility From</b>	<b>Facility To</b>	<b>In-store quantity (kWh)</b>	<b>In-store weighted average price (p/kWh)</b>
	May-14	Aldbrough	Hole House Farm	2,000,000	2.04921
	Aldbrough	Hatfield Moor	6,100,000	2.04921	
<b>OM Utilisation</b>	<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 2014 and 31 March 2015.</i></p>				

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 2014 – 31 March 2015*

<b>Month</b>	<b>Facility</b>	<b>Shipper Booked Deliverability (kWh)</b>	<b>Transportation Credit (p/kWh/day)</b>
May 2014 to March 2015	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						
<b>NBP Trades</b>	<i>For 1 April 2014 to 31 March 2015, National Grid procured NTS shrinkage via NBP trades as follows:</i>						
	<b>Month</b>	<b>Total Quantity Purchased (kWh)</b>	<b>Purchase Cost (£)</b>	<b>Weighted Average Purchase Price (p/kWh)</b>	<b>Total Quantity Sold (kWh)</b>	<b>Sell Revenue (£)</b>	<b>Weighted Average Sell Price (p/kWh)</b>
	Apr-14	330,437,553	£6,797,888	2.05724	67,992,472	£1,181,665	1.73794
	May-14	342,394,849	£6,986,392	2.04045	5,861,420	£86,375	1.47362
	Jun-14	294,463,087	£6,162,802	2.09289	106,062,395	£1,412,200	1.33148
	Jul-14	334,247,476	£5,857,246	1.75237	11,869,376	£154,443	1.30118
	Aug-14	252,773,738	£4,790,638	1.89523	36,194,269	£508,850	1.40589
	Sep-14	266,108,468	£4,995,018	1.87706	6,594,098	£107,600	1.63176
	Oct-14	373,958,596	£7,645,713	2.04453	2,930,710	£50,863	1.73550
	Nov-14	347,246,669	£7,166,334	2.06376	46,891,360	£886,815	1.89121
	Dec-14	358,132,762	£7,395,743	2.06508	41,791,925	£792,866	1.89718
	Jan-15	431,547,048	£8,786,563	2.03606	58,672,814	£919,986	1.56799
	Feb-15	389,784,430	£7,936,250	2.03606	122,591,599	£2,098,520	1.71180
	Mar-15	437,115,397	£8,876,513	2.03070	182,729,769	£3,001,573	1.64263

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 2014 to 31 March 2015, National Grid's imbalance cash-out for the NTS shrinkage account was as follows:</i>						
	<b>Month</b>	<b>Total Quantity Purchased (kWh)</b>	<b>Purchase Cost (£)</b>	<b>Weighted Average Purchase Price (p/kWh)</b>	<b>Total Quantity Sold (kWh)</b>	<b>Sell Revenue (£)</b>	<b>Weighted Average Sell Price (p/kWh)</b>
	Apr-14	11,710,944	202,190	1.7265	3,495,344	58,780	1.6817
	May-14	18,863,072	302,177	1.6019	3,829,526	57,343	1.4974
	Jun-14	40,343	545	1.3508	16,968,244	223,195	1.3154
	Jul-14	21,518,385	293,372	1.3634	3,135,458	38,913	1.2411
	Aug-14	4,202,620	58,867	1.4007	7,181,020	100,881	1.4048
	Sep-14	10,137,176	174,274	1.7192	4,298,096	68,988	1.6051
	Oct-14	13,771,183	236,268	1.7157	1,540,825	26,028	1.6892
	Nov-14	6,738,660	125,654	1.8647	3,879,502	71,936	1.8543
	Dec-14	5,421,325	100,085	1.8461	3,791,894	68,239	1.7996
	Jan-15	3,329,096	53,847	1.6175	7,022,868	107,217	1.5267
	Feb-15	4,913,146	86,654	1.7637	5,172,615	86,787	1.6778
	Mar-15	5,794,226	95,142	1.6420	6,346,158	99,610	1.5696

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**

*For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Month	ASEP	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted average price (p/kWh)
Apr-14	None	0	0	0	0
May-14	None	0	0	0	0
Jun-14	None	0	0	0	0
Jul-14	None	0	0	0	0
Aug-14	None	0	0	0	0
Sep-14	None	0	0	0	0
Oct-14	None	0	0	0	0
Nov-14	None	0	0	0	0
Dec-14	None	0	0	0	0
Jan-15	None	0	0	0	0
Feb-15	None	0	0	0	0
Mar-15	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																																																							
<b>CMAs – Options Agreements</b>	<b><i>For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:</i></b>																																																							
	<table border="1"> <thead> <tr> <th data-bbox="645 647 904 730">Period</th> <th data-bbox="909 647 1200 730">ASEP</th> <th data-bbox="1205 647 1496 730">Total Quantity Accepted (kWh)</th> <th data-bbox="1500 647 1816 730">Cost of Option (£)</th> </tr> </thead> <tbody> <tr><td data-bbox="645 734 904 775">Apr-14</td><td data-bbox="909 734 1200 775">None</td><td data-bbox="1205 734 1496 775">0</td><td data-bbox="1500 734 1816 775">0</td></tr> <tr><td data-bbox="645 778 904 820">May-14</td><td data-bbox="909 778 1200 820">None</td><td data-bbox="1205 778 1496 820">0</td><td data-bbox="1500 778 1816 820">0</td></tr> <tr><td data-bbox="645 823 904 865">Jun-14</td><td data-bbox="909 823 1200 865">None</td><td data-bbox="1205 823 1496 865">0</td><td data-bbox="1500 823 1816 865">0</td></tr> <tr><td data-bbox="645 868 904 909">Jul-14</td><td data-bbox="909 868 1200 909">None</td><td data-bbox="1205 868 1496 909">0</td><td data-bbox="1500 868 1816 909">0</td></tr> <tr><td data-bbox="645 912 904 954">Aug-14</td><td data-bbox="909 912 1200 954">None</td><td data-bbox="1205 912 1496 954">0</td><td data-bbox="1500 912 1816 954">0</td></tr> <tr><td data-bbox="645 957 904 999">Sep-14</td><td data-bbox="909 957 1200 999">None</td><td data-bbox="1205 957 1496 999">0</td><td data-bbox="1500 957 1816 999">0</td></tr> <tr><td data-bbox="645 1002 904 1043">Oct-14</td><td data-bbox="909 1002 1200 1043">None</td><td data-bbox="1205 1002 1496 1043">0</td><td data-bbox="1500 1002 1816 1043">0</td></tr> <tr><td data-bbox="645 1046 904 1088">Nov-14</td><td data-bbox="909 1046 1200 1088">None</td><td data-bbox="1205 1046 1496 1088">0</td><td data-bbox="1500 1046 1816 1088">0</td></tr> <tr><td data-bbox="645 1091 904 1133">Dec-14</td><td data-bbox="909 1091 1200 1133">None</td><td data-bbox="1205 1091 1496 1133">0</td><td data-bbox="1500 1091 1816 1133">0</td></tr> <tr><td data-bbox="645 1136 904 1177">Jan-15</td><td data-bbox="909 1136 1200 1177">None</td><td data-bbox="1205 1136 1496 1177">0</td><td data-bbox="1500 1136 1816 1177">0</td></tr> <tr><td data-bbox="645 1181 904 1222">Feb-15</td><td data-bbox="909 1181 1200 1222">None</td><td data-bbox="1205 1181 1496 1222">0</td><td data-bbox="1500 1181 1816 1222">0</td></tr> <tr><td data-bbox="645 1225 904 1267">Mar-15</td><td data-bbox="909 1225 1200 1267">None</td><td data-bbox="1205 1225 1496 1267">0</td><td data-bbox="1500 1225 1816 1267">0</td></tr> </tbody> </table>	Period	ASEP	Total Quantity Accepted (kWh)	Cost of Option (£)	Apr-14	None	0	0	May-14	None	0	0	Jun-14	None	0	0	Jul-14	None	0	0	Aug-14	None	0	0	Sep-14	None	0	0	Oct-14	None	0	0	Nov-14	None	0	0	Dec-14	None	0	0	Jan-15	None	0	0	Feb-15	None	0	0	Mar-15	None	0	0			
Period	ASEP	Total Quantity Accepted (kWh)	Cost of Option (£)																																																					
Apr-14	None	0	0																																																					
May-14	None	0	0																																																					
Jun-14	None	0	0																																																					
Jul-14	None	0	0																																																					
Aug-14	None	0	0																																																					
Sep-14	None	0	0																																																					
Oct-14	None	0	0																																																					
Nov-14	None	0	0																																																					
Dec-14	None	0	0																																																					
Jan-15	None	0	0																																																					
Feb-15	None	0	0																																																					
Mar-15	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 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Month	ASEP	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
Apr-14	None	0	0
May-14	None	0	0
Jun-14	None	0	0
Jul-14	None	0	0
Aug-14	None	0	0
Sep-14	None	0	0
Oct-14	None	0	0
Nov-14	None	0	0
Dec-14	None	0	0
Jan-15	None	0	0
Feb-15	None	0	0
Mar-15	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																																																																				
<b>CMAs – Options Utilisation</b>	<b><i>For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:</i></b>																																																																				
	<table border="1"> <thead> <tr> <th>Month</th> <th>ASEP</th> <th>Quantity utilised (kWh)</th> <th>Total Cost of utilisation (exercise) (£)</th> <th>No. of days on which option exercised</th> </tr> </thead> <tbody> <tr><td>Apr-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>May-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jun-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jul-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Aug-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Sep-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Oct-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Nov-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Dec-14</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jan-15</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Feb-15</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Mar-15</td><td>None</td><td>0</td><td>0</td><td>0</td></tr> </tbody> </table>	Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (exercise) (£)	No. of days on which option exercised	Apr-14	None	0	0	0	May-14	None	0	0	0	Jun-14	None	0	0	0	Jul-14	None	0	0	0	Aug-14	None	0	0	0	Sep-14	None	0	0	0	Oct-14	None	0	0	0	Nov-14	None	0	0	0	Dec-14	None	0	0	0	Jan-15	None	0	0	0	Feb-15	None	0	0	0	Mar-15	None	0	0	0			
Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (exercise) (£)	No. of days on which option exercised																																																																	
Apr-14	None	0	0	0																																																																	
May-14	None	0	0	0																																																																	
Jun-14	None	0	0	0																																																																	
Jul-14	None	0	0	0																																																																	
Aug-14	None	0	0	0																																																																	
Sep-14	None	0	0	0																																																																	
Oct-14	None	0	0	0																																																																	
Nov-14	None	0	0	0																																																																	
Dec-14	None	0	0	0																																																																	
Jan-15	None	0	0	0																																																																	
Feb-15	None	0	0	0																																																																	
Mar-15	None	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****Flow Management Agreements**

*For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Month	ASEP	Total Cost (£)
Apr-14	None	0
May-14	None	0
Jun-14	None	0
Jul-14	None	0
Aug-14	None	0
Sep-14	None	0
Oct-14	None	0
Nov-14	None	0
Dec-14	None	0
Jan-15	None	0
Feb-15	None	0
Mar-15	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	<p data-bbox="573 579 1944 643"><i>For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:</i></p> <table border="1" data-bbox="645 687 1816 1362"> <thead> <tr> <th data-bbox="645 687 792 842">Month</th> <th data-bbox="792 687 1003 842">ASEP</th> <th data-bbox="1003 687 1167 842">No. of days on which offers accepted</th> <th data-bbox="1167 687 1368 842">No. of offers accepted</th> <th data-bbox="1368 687 1592 842">Quantity accepted (kWh)</th> <th data-bbox="1592 687 1816 842">Weighted average price (p/kWh)</th> </tr> </thead> <tbody> <tr><td>Apr-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>May-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jun-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jul-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Aug-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Sep-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Oct-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Nov-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Dec-14</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Jan-15</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Feb-15</td><td>None</td><td>0</td><td>0</td><td>0</td><td>0</td></tr> <tr><td>Mar-15</td><td>None</td><td>0</td><td>0</td><td>0</td><td>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-14	None	0	0	0	0	May-14	None	0	0	0	0	Jun-14	None	0	0	0	0	Jul-14	None	0	0	0	0	Aug-14	None	0	0	0	0	Sep-14	None	0	0	0	0	Oct-14	None	0	0	0	0	Nov-14	None	0	0	0	0	Dec-14	None	0	0	0	0	Jan-15	None	0	0	0	0	Feb-15	None	0	0	0	0	Mar-15	None	0	0	0	0
Month	ASEP	No. of days on which offers accepted	No. of offers accepted	Quantity accepted (kWh)	Weighted average price (p/kWh)																																																																														
Apr-14	None	0	0	0	0																																																																														
May-14	None	0	0	0	0																																																																														
Jun-14	None	0	0	0	0																																																																														
Jul-14	None	0	0	0	0																																																																														
Aug-14	None	0	0	0	0																																																																														
Sep-14	None	0	0	0	0																																																																														
Oct-14	None	0	0	0	0																																																																														
Nov-14	None	0	0	0	0																																																																														
Dec-14	None	0	0	0	0																																																																														
Jan-15	None	0	0	0	0																																																																														
Feb-15	None	0	0	0	0																																																																														
Mar-15	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 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Period	ASEP	Total Quantity Accepted (kWH)	Cost of Option (£)
Apr-14	None	0	0
May-14	None	0	0
Jun-14	None	0	0
Jul-14	None	0	0
Aug-14	None	0	0
Sep-14	None	0	0
Oct-14	None	0	0
Nov-14	None	0	0
Dec-14	None	0	0
Jan-15	None	0	0
Feb-15	None	0	0
Mar-15	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 2014 – 31 March 2015, National Grid Gas procured these services as follows:</i>			
	Month	ASEP	Quantity utilised (kWh)	Total Cost of Forward Buybacks (£)
	Apr-14	None	0	0
	May-14	None	0	0
	Jun-14	None	0	0
	Jul-14	None	0	0
	Aug-14	None	0	0
	Sep-14	None	0	0
	Oct-14	None	0	0
	Nov-14	None	0	0
	Dec-14	None	0	0
	Jan-15	None	0	0
	Feb-15	None	0	0
	Mar-15	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 – Options Utilisation

*For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Month	ASEP	Quantity utilised (kWh)	Total Cost of utilisation (option+exercise) (£)	No. of days on which option exercised
Apr-14	None	0	0	0
May-14	None	0	0	0
Jun-14	None	0	0	0
Jul-14	None	0	0	0
Aug-14	None	0	0	0
Sep-14	None	0	0	0
Oct-14	None	0	0	0
Nov-14	None	0	0	0
Dec-14	None	0	0	0
Jan-15	None	0	0	0
Feb-15	None	0	0	0
Mar-15	None	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

#### Flow Management Agreements

*For the period 1 April 2014 – 31 March 2015, National Grid Gas procured these services as follows:*

Month	Exit Point	Total Cost (£)
Apr-14	None	0
May-14	None	0
Jun-14	None	0
Jul-14	None	0
Aug-14	None	0
Sep-14	None	0
Oct-14	BAGLANBAYPS	145,000
Nov-14	None	0
Dec-14	None	0
Jan-15	None	0
Feb-15	None	0
Mar-15	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').

<b>Service Component</b>	<b>Component Description and Details</b>
<b>OCM trades</b>	<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 2014 to 31 March 2015, 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							
<b>OCM 'Title' trades to address a National Requirement</b>	<b>National 'NBP Title' Trades</b>							
	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 (£)
	Apr-2014	18	95	139	209,868,148	325,484,661	£3,645,324	£5,534,669
	May-2014	17	209	52	483,860,228	129,859,761	£7,632,296	£1,942,318
	Jun-2014	8	43	105	102,486,930	228,712,613	£1,441,933	£2,916,746
	Jul-2014	11	98	67	252,509,979	169,101,971	£3,228,143	£2,247,737
	Aug-2014	12	136	48	280,615,489	89,240,123	£4,206,930	£1,235,546
	Sep-2014	16	175	103	342,336,246	219,510,185	£5,861,088	£3,523,022
	Oct-2014	17	149	57	358,543,070	135,340,191	£6,421,013	£2,000,751
	Nov-2014	14	151	25	377,153,079	63,537,795	£6,965,928	£1,130,747
	Dec-2014	14	173	77	370,939,977	151,781,474	£7,095,333	£2,717,518
	Jan-2015	10	77	16	178,450,934	33,058,409	£2,931,445	£501,896
	Feb-2015	14	162	34	373,958,604	66,585,733	£6,519,619	£1,133,522
Mar-2015	9	53	21	118,986,827	59,464,107	£1,950,474	£917,565	

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									
<b>OCM 'Physical' trades to address a National Requirement</b>	<b>National 'Physical' Trades</b>									
	<b>Month</b>	<b>No. of days on which trades accepted</b>	<b>No. of Trade buys</b>	<b>No. of Trade sells</b>	<b>Quantity Purchased (kWh)</b>	<b>Quantity Sold (kWh)</b>	<b>Purchase cost (£)</b>	<b>Sell revenue (£)</b>	<b>Weighted Average Purchase Price (p/kWh)</b>	<b>Weighted Average Sell Price (p/kWh)</b>
	<i>No OCM Physical trades were conducted in this period to address a National Requirement.</i>									
<b>OCM 'Locational' trades to address a National Requirement</b>	<b>National 'Locational' Trades</b>									
	<b>Month</b>	<b>No. of days on which trades accepted</b>	<b>No. of Trade buys</b>	<b>No. of Trade sells</b>	<b>Quantity Purchased (kWh)</b>	<b>Quantity Sold (kWh)</b>	<b>Purchase cost (£)</b>	<b>Sell revenue (£)</b>	<b>Weighted Average Purchase Price (p/kWh)</b>	<b>Weighted Average Sell Price (p/kWh)</b>
	<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	<b>'Locational' Trades</b>									
	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 2014 to 31 March 2015, National Grid Gas incurred OCM collateralisation costs of £115,000.