

National Grid Gas

Gas Incentive Performance Summary

**Quarterly Submission - Q4
April 21 to March 22**

nationalgrid



Introduction

This report is to provide a summary of the Gas Transmission Incentives Quarterly Performance, this summary has been created to provide greater transparency following feedback from industry participants.

The Gas System Operator function of National Grid Gas is subject to licence obligations and several financial and reputational incentive arrangements, measured through agreed methodologies following licence consultation. These are regularly reported to and monitored by Ofgem.

These incentive arrangements are designed to minimise the overall cost of system operation to consumers, influence our behaviour to minimise the impact on the market and to consider environmental impacts and to support the efficient operation of the wholesale gas market, to deliver outputs which provide benefits to the industry and consumers.

The various incentive schemes provide a focus on key areas where National Grid Gas Transmission can create value for the industry and consumers, allowing National Grid to retain a share of any value created (or to be penalised should targets not be met).

For further details

Further details on each incentive can be found here: <https://www.nationalgrid.com/uk/gas-transmission/about-us/system-operator-incentives>

Or contact chris.hewitt@nationalgrid.com, Incentive Development Team.

Financial Performance Incentives Scorecard

2021/22 Performance based upon actuals from 1st April 2021 to 31st March 2022.

Incentive	Purpose	Cap and Collar	2021/22 Target	2021/22 Performance	How has Performance been determined?
Capacity Constraint Management	To incentivise the maximum release of capacity and minimise the costs of constraints against a set financial cost.	+£5.2m to -£5.2m	A net target cost of £8.5m for entry and exit operational constraint management - incentive revenue or penalty is 39% of the over or under spend respectively.	+£5.2m	Performance of £5.37m (without cap) (£5.2m (with cap)) includes £1.65m of Non-Obligated (Entry and Exit) capacity sales revenue (after the 14% factor applied, in line with RIIO-2 Incentive parameters), plus £3.63m revenue from Locational Sell actions taken in January, to manage an Entry constraint.
Demand Forecasting D-1	Deliver accurate 13:00 day ahead demand forecasting.	+£1.5m to -£1.5m	The scheme has a target forecast error of 8.35mcm per day adjusted up to a further 1mcm dependent upon the extent of additional short cycle storage injection capability connected to the NTS.	+£0.18m	Performance of £180k with a weighted average error of 8.515mcm/day including 0.63mcm additional short cycle storage injection capability against target.
Residual Balancing	To balance supply and demand on the gas day and to minimise the impact our trading actions have on the market when it's necessary to trade gas to balance the network.	+£1.6m to -£2.8m	Linepack Performance Measure (LPM) Target: 2.8mcm/d daily change. for non-shoulder months. Between 2.8 and 5.6 mcm/d for shoulder months (October, November, February, and March). Price Performance Measure (PPM) Target: 1.5% of System Average Price (SAP) paid.	+£0.58m	LPM: 2.00mcm average daily linepack change. PPM: Average of 1.84%.
Maintenance	Deliver benchmark performance for maintenance outage days, including and excluding Valve Operations (VO). Minimise National Grid driven changes to maintenance planning.	+£0.5m to -£1.5m.	1. Use of Days - (VO) - Target 11 days. 2. Use of Days - (ex VO) - Target align 75% of customer impacting. 3. Changes - minimisation of changes initiated by National Grid - Target 7.25% of the total maintenance plan days in the year.	+£0.50m	1. Performance - used 1 day. 2. Performance - aligned 95% of days. 3. Performance - 0% days changed by National Grid. Total number of aligned customers impacting days in the Summer 21 outage plan is 161 days. Approximately 100% of aligned summer maintenance completed.
Greenhouse Gas Emissions	To consider the environment when venting gas from NTS compressors.	+£1.5m to -£1.5m	Meet greenhouse gas emissions targets. 2,897 tonnes. To achieve cap or collar a under or over venting performance to target is ~783 tonnes vented.	+£1.5m	A total of 2061 tonnes of natural gas was vented by compressors in reporting period. 70% of allowance used.