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Decision on System Management Principles Statement

Dear Gavin,

Thank you¹ for submitting your proposal on 07 March 2024 to amend the current statement of System Management Principles Statement (SMPS), in accordance with special condition 9.19.13. This letter sets out our² decision to approve the proposed changes, which will come into effect immediately.

Background

Special Condition 9.19.8 of the National Gas Transmission (NGT) Licence (the licence) requires NGT to have a SMPS in place at all times, which outlines the principles and criteria for operating the National Transmission System (NTS) through the SMPS.

Special Condition 9.19.13 provides that the licensee must review the SMPS at least once each Regulatory Year. This condition also requires the NGT to:

- consult parties mentioned in that condition;
- submit a report to the Authority within seven days after the consultation period ends; and
- include the outcome of the review, consultation responses and proposed changes, objections or representations to the SMPS.

NGT may only make revisions to the SMPS with the consent of the Authority, according to section 9.19.16 of its licence.

¹ References to the "you" and "your" are used in this document to refer to National Gas Transmission Plc.

² References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document to refer to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.

Proposed Amendments

The only substantive changes to the existing version of the SMPS are related to Demand Side Response (DSR).³ A new section, Part D, Section 6, has been included to provide a proportional level of detail regarding DSR in relation to certain System Management tools. As a result, the Multi-Day Offers have been moved to Part D, Section 7. To support this change, additional information on DSR has been incorporated throughout relevant sections of the SMPS, such as the Margins Notices and Gas Balancing Notification. As a result, the Multi-Day Offers have been moved to Part D, Section 7.

The SMPS has been updated to reflect the implementation of UNC Modifications 0822, 0833, 0844, and 0845,⁴ which pertain to amendments to the DSR pre-emergency tool. The changes proposed have the potential to improve energy security and mitigate the unlikely occurrence of an E1 Network Gas Supply Emergency. The 'Uniform Network Code (UNC) Modification History' section of the SMPS has been updated accordingly.

We consider further proposed changes to the wording, branding, and website links are considered non-substantive amendments. The purpose of these amendments is to reflect the NGTs separation from National Grid Plc and the adoption of the new name.

Following the initial submission of the proposed amendments to the SMPS on 23 May 2023, Ofgem conducted a detailed review. This review identified areas requiring clarification and adjustments to align the document with regulatory standards and stakeholder feedback. NGT consequently resubmitted a revised SMPS and Ofgem have determined that the changes were minor, focusing primarily on editorial enhancements and precision in the language used. Given the minor nature of these amendments, Ofgem concluded that a further consultation was unnecessary. The changes did not alter the substantive content or intent of the original proposal but rather improved clarity and consistency.

Our decision

We have reviewed the SMPS submitted to us on 07 March 2024 and in accordance with Special Condition 9.19.16, we consent to NGT making the proposed changes to the SMPS.⁵ These revisions will take effect immediately.

If you have any questions concerning this consent notice, please contact Gas.Systems@Ofgem.gov.uk

William Duff

Head of Gas Systems and Operations

For and on behalf of the Gas and Electricity Markets Authority

³ DSR entails consumers adjusting their energy consumption in response to the needs and requirements of the energy system, while still enabling consumers to use the electricity they need. DSR is key in enabling demand to better correspond with supply.

⁴ References to UNC Modifications 0822, 0833 and 0845 refer to 'Reform of Gas Demand Side Response Arrangements', 'Enabling Demand Side Response (DSR) Market Offers to be made by Non-Trading System Transactions' and 'Enhancements to Demand Side Response (DSR) Arrangements including a D-5 Product' respectively.

⁵ National Grid Transmission's original SMPS submission can be viewed [here](#).