Dear Mr Ripley,

Re: Obligation to maintain a Network Model for the NTS

Special Condition C24 of the Gas Transporters Licence requires NGG to maintain a Network Model that may be used to facilitate duties under Section 9 of the Gas Act and be consistent with the Transmission Planning Code. The Licence requires the Network Model to be in place by 1 April 2009, in a form approved by the Authority. The Licence also requires that NGG maintains a Statement of Procedures for updating the Network Model data. On the 2 March 2009 National Grid Gas (NGG) submitted its proposals for the Network Model to the Authority for approval.

We note that National Grid has taken the decision to replace Graphical Falcon with Simone, a network modelling tool developed by Liwacom. We also note that you commissioned a study by Pöyry Energy Consulting to provide an independent view of the suitability of Simone to satisfy the licence obligation with respect to a network model. The findings of the report were presented by Pöyry Energy Consulting at the Transmission workstream meeting on 5th February 2009. Pöyry Energy Consulting concluded that Simone was fit for the purposes of network modelling and that it would satisfy the licence obligation.

We have considered the findings of your consultants and agree with the conclusions reached. We note the comments in the consultant's report about the erroneous configuration which may occur when a short compressor loop is modelled[1], and that whilst this is an extreme scenario, we seek assurance that you have appropriate analysis management procedures which address this.

We agree with the conclusions of the consultant's report and note that the functionality in Simone works as required, and that it offers performance which equals that of Graphical Falcon and is superior in many respects.

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[1] During the review it was observed that where a compressor inlet and outlet are connected by a short pipe loop and the compressor is on, recycling gas around the loop, this can lead to the use of a default inlet node temperature without alerting the user. This can incorrectly calculate gas temperatures within the model. The likelihood of this error occurring is small due to the small number of potential short compressor loops that exist in practice and the extreme test scenario that exhibited the problem. It was concluded that this is a minor concern.

Ofgem's Decision

Following consideration of the documentation provided and having regard to the Authority's principal objective and statutory duties and for the reasons set out above, it has been decided to approve the Network Model proposal and associated Statement of Procedures submitted by NGG on 2nd March 2009 pursuant to Special Condition C24.

Yours sincerely

Stuart Cook
Director, Transmission