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Decision on the Transmission Planning Code 2017

Dear Craig

Thank you¹ for submitting the draft Transmission Planning Code (TPC) to us² for approval in your letter to Bogdan Kowalewicz on 29 August 2017. As the head of Gas Systems, I am responding on behalf of the Authority. After careful consideration, we have decided to approve your proposed changes to the TPC. We outline our reasons for doing so below.

Background

Special Condition 7B of National Grid Gas (NGG) gas transporter licence requires you to maintain, implement and comply with a TPC which:

- covers all material aspects relating to the planning and development of the National Transmission System (NTS) that may have a material impact on users of the NTS
- includes a methodology to determine the physical capability of the NTS, and
- includes detailed planning assumptions about likely developments in the patterns and levels of gas supply and demand on the NTS, and about the operation of the NTS under different gas supply and demand scenarios.

You have an obligation to review and consult on the TPC at least every two years and if so requested by us in consultation with materially affected interested parties likely to be materially affected by the review. Within 28 days of completing the review you have an obligation to send us

- (a) a report on the outcome of the review
- (b) a statement on proposed changes that would better fulfil the requirements of Part A of Special Condition 7B
- (c) any written representations that were received from interested parties.

We then have 28 days to decide whether to approve the proposed revisions to the TPC.³

This year you issued a consultation on 18 July 2017, proposing a number of changes to the TPC. You informed us that NGG received one response to the consultation. This respondent expressed concerns that considering profiling as only a source of linepack depletion would

¹ The term "you", "your", and "the licensee" are used to refer to National Grid Gas plc in this letter.

² The terms "the Authority", "Ofgem", "we" and "us" are used interchangeably in this letter. The Authority is the Gas and Electricity Markets Authority. Ofgem is the office of the Authority.

³ Special condition 7B, Part B.

be misleading, since the contribution of profiling to linepack is regularly positive. Additionally, the respondent is concerned that the formula proposed in Appendix E of the TPC may “stigmatise ‘profiling’ behaviours which are actually aimed at addressing network balancing requirements”.

NGG agrees to take into consideration both the repletion and depletion effect of supply profiling when assessing system operations. NGG also accepts that profiling behaviours are sometimes a result of balancing requirements. However, NGG states that it is not necessary to modify the proposed changes to the TPC in order to address this comment, as the formula chosen is the same as that used to account for Exit Flexibility capacity, and was therefore intended to make the two directly comparable.

Proposed amendments to the TPC

The main change you propose to the TPC is the modification of planning analysis for within-day flow variations. Changes to the methodology for planning for foreseeable within-day variations include:

- supply profiling at each NTS Entry Point to better identify supply driven line-pack depletion
- improved assumptions for CCGT demand variation which are more in line with actual operations, and
- linking Distribution Network Operator pressures to Local Distribution Zones.

The analysis of unforeseeable within-day variations will now use specific locational pressure cover instead of flow margins.

Other changes include:

- Removal or substitution of text describing the processes to calculate flow margins and pressure coverage.
- Inclusion of text describing assessment methodologies for uncertainty in planning and operation.
- Inclusion of references to ‘restriction of short-term access to System Flexibility’ as an Operational Balancing Action.
- Clarification of ‘Fast Transients’.
- Inclusion of ‘Improved Network Resilience’ and ‘pressure options’ as Network Development Options.
- Other minor typographical and wording changes.

Our view

We consider the proposed changes better achieve the requirement for the TPC to include “detailed planning assumptions about likely developments in the patterns and levels of gas supply and demand on the NTS, and about the operation of the NTS under different gas supply and demand scenarios”.

We note only one consultation response was received. While that respondent raised some general concerns about the market, we believe that these are either sufficiently taken into account by the changes or fall out of scope of the proposed changes to the NTS. We are therefore of the view that, overall, the changes better achieve the licence requirements for the TPC.

Our decision

Following consideration of the documentation provided and having regard to our principal objective and statutory duties, and for the reasons set out above, we have decided, pursuant to Special Condition 7B of the NGG gas transporter licence, to approve the revised version of the TPC submitted by you on 29 August 2017.

Please contact Liam Drummond-Clark at liam.drummond-clark@ofgem.gov.uk or on 0203 263 9890 if you have any questions about this decision.

Yours faithfully

Chris Brown

Head of Gas Systems

Signed on behalf of the Authority and authorised for that purpose.