

## Questions & Answers from the Exit Constraints Webinar



All questions and answers including those answered on the day can be found below.

Topic	Question	Response
Buyback	Where does Exit capacity buyback fit in?	Exit capacity Buy Back may be used as one of the commercial tools to help bring flows in line with physical capability. If Shippers are flowing against Firm capacity entitlements, we may send an ANS inviting offers to sell back Firm Exit capacity to us in a bid to reduce flows (as nominations should then reduce in line with reduced capacity entitlement, where bids are accepted). In terms of where this fits in, as was explained in the webinar, the order in which we use different commercial tools is not prescriptive; Buy Backs would be explored by GNCC if at the time this is deemed the most efficient and effective course of action to alleviate the constraint.
Capacity withholding Firm	When are Shippers advised that day ahead Firm capacity will not be sold at 3pm?	There is not a specific timeframe for advising of day ahead Firm capacity being withheld - a constraint situation may emerge at any time based on information received, and of course the nature of the constraint. Shippers would be advised at the point that we have certainty that a capacity constraint is predicted and if this particular action is necessary. In a scenario as severe as the one created in 'Exercise Degree', this requirement was identified and communications were issued during the morning, though this may not always be the case, for the reasons stated.
Capacity withholding Firm	Would you restrict Exit capacity uniformly across all users? It would seem unfair if one particular offtake is chosen to relieve a "National Deficit" emergency.	If the constraint is localised, capacity would only be restricted for Exit points in, or potentially adjacent to, that location. If the withholding of capacity is due to a national issue, Exit capacity is likely to be uniformly restricted across all Exit points.
Capacity withholding Firm	Just to be clear, an ANS notice would be sent out before Exit capacity is not allocated day ahead, but when – 09:00, 12:00?	An ANS will be sent out (also copied to the MIPI data provision platform) before Exit capacity is withheld. NB The day ahead auction commences in the D-1 15:00 hour bar. The prior notice that capacity will be withheld does not have a specific timeframe but is likely to be the earliest point that we have certainty that a capacity constraint is predicted, and that capacity will be withheld in a subsequent auction.

Topic	Question	Response
Capacity withholding Firm	Is it right to say that a national issue may mean day ahead Exit capacity is not allocated anywhere as you do not know where the location of the constraint will occur?	At the day ahead stage and under a significant national imbalance event (where we project linepack and associated pressures will deplete beyond safe operating levels), we anticipate that operationally, as the event manifests, we will endeavour to distribute linepack evenly and equitably such that pressures reduce across the network. In this idealised scenario and with no network restriction to our ability to distribute linepack evenly, multiple exit constraints would theoretically occur concurrently across the network with all connected exit load across the system contributing proportionally. On this basis we consider it appropriate and equitable to withhold capacity across the system where a loss of pressure is anticipated to materialise somewhere which could be resolved/reduced by a reduction in exit offtake anywhere. NB Nearer the time and after the supply, demand and physical operational realities become clear, exit constraints are likely to materialise at different times and locations and more targeted tools will be deployed/considered.
Capacity withholding Firm	What happens if CCGTs have been unable to buy Firm capacity day ahead - do you have ability to stop CCGTs taking gas in this case pre-emergency?	If CCGTs do not hold Firm Exit capacity but continue to offtake gas from the NTS in a constraint situation, we would not physically stop this in pre-emergency stages.
Constraint Management	How are the constraint costs which can be passed on for overruns calculated/assessed? What is the trigger that would alert users that this risk is live?	Constraint costs are a product of actions taken and prices set by the market at the time, in response to those actions. Whether and how these costs may be passed on would be a matter for Ofgem to investigate and to determine appropriate consequences/actions. The trigger to this risk would be communications via ANS that we are taking commercial actions, as at this point, we are in a constraint situation. The risk would be live for Shippers flowing in excess of their capacity holdings.
Constraint Management	How do you determine whether an offtake has "caused" a constraint when there is a national issue?	If an investigation is carried out to determine the cause of a constraint, this would be carried out by Ofgem, and we would provide data from the day(s) in question in support of this. In the case of a national issue, there would be a significant amount of data to consider, though it should still be possible to identify positions taken that were of a timing and magnitude which exacerbated the situation.

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Emergency specification gas	Have you asked consumers what lead time they require to prepare to receive emergency specification gas? What lead time can they expect?	Emergency specification gas is part of the standard approach we would take in managing a supply deficit in the emergency stages. Ahead of accepting this, a risk assessment is made by ourselves and the DNs who are likely to receive this. Direct communications take place between us and the DNs in this situation, and if acceptance is approved by the NEC, then we also issue a notification to all Shippers. We would communicate directly with customers connected to the NTS who are forecast to receive emergency specification gas in the course of our risk assessment. However, once approved, Emergency specification gas becomes the standard specification. If emergency specification gas causes a process issue to a directly connected customer, then they should isolate themselves from the network.
ESO	The ESO has an operational transparency forum weekly / fortnightly. Should GSO do similar through this winter?	GSO's approach to transparency is through the delivery of 'interesting day' items on the agenda of the Gas Operational Forum. We don't believe there are sufficient 'interesting days' to warrant a separate and more frequent forum. In comparison to the ESO we take fewer balancing actions.
ESO	Have you discussed with the ESO the interaction of PNs with OM/Load Shedding? Should Stations demonstrate the reduced/zero load with their MEL rather than their PN?	Any questions on electricity system nominations/notifications should be directed to the ESO. Modification 448 looked to solve CCGT concerns in the electricity market impact of load shedding being carried out on the gas network. We now make early contact with the ESO to assess the impact of a gas supply shortage on whole system health.
ESO	Have you assessed the commercial interactions between Electricity and Gas and the potential for conflicts between the two?	Yes, and this is an ongoing opportunity of the E3C Electricity and Gas Resilience Interactions Task Group.
NEMT	When will the Exercise Degree report be published?	The Exercise Degree report is available on our NGSE pages and can be found via this link: <a href="https://www.nationalgrid.com/gas-transmission/safety-and-emergencies/network-gas-supply-emergencies-ngse">https://www.nationalgrid.com/gas-transmission/safety-and-emergencies/network-gas-supply-emergencies-ngse</a>
NEMT	Could / would you ever disconnect a CCGT pre-emergency and if so under what circumstances e.g., ignoring OPN rejection? Or is it only in emergency under GSMR rules?	We can only legally direct a CCGT to cease taking gas when a Stage 2 NGSE is in force. Other forms of disconnection would be market or contract based.

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NEMT	If sites are load shed, will they always be given an indication of how long this is likely to last?	We will estimate the duration of the NGSE on its declaration. The default is 48 hours. Yes, we will be able to provide more information, if available, in our interactions with the sites which are directed to cease taking gas.
NEMT	I understand the load shedding telephone call is legally binding. How can we verify the authenticity of a load shedding call if we are in any doubt?	We offer, in our load shedding script, means of confirming the callers identify. This is via the National Grid switchboard, the number for which is published online. We can also confirm key details about the site's current nomination that only we as the GSO would be aware. If specific sites wish to enact something more comprehensive, then this can be arranged 1-2-1.
OM	Where does a site providing OM gas sit in the load shedding hierarchy as the offtake may be 0?	OM and load shedding are two separate tools. Load shedding is conducted on a largest load first basis in the face of current nominations. Theoretically sites who have offered OM are likely to be lower down this list.
OM	Would OM gas be used once Stage 2 of an NGSE has been declared (i.e., when load shedding is available)?	OM is designed to achieve physical reductions while the market responds to a shortage of gas. Once an NGSE is declared it is important to direct action, as the market has failed to balance a gas supply shortage. Once the legal basis to direct connections to cease taking gas has been achieved, we no longer utilise market mechanisms such as OM.
OM	Is some OM gas required to support isolation of the network at stage 3?	No, at this point we are in command and control of the network. If we needed to achieve a demand side saving once an NGSE has been declared, we would direct it under load shedding.
OM	To clarify, there is no requirement for power station OM gas to be used rather than load shedding?	No, not necessarily. In a constraint situation, we will assess the tools available and time in which they could contribute to a physical response on the network. We will then pursue the most effective and efficient options we have available.
OM	Do all OM agreements need to be called before an emergency is declared (e.g., all CCGTs with OM brought off) or is it an NGG's discretion?	Depending on the situation, response to actions and other factors, it may not necessarily be the case that all OM has been called prior to an emergency being declared.

Topic	Question	Response
OM	Where a site that has been taken to 0 under OM arrangements is told to stay off in an emergency, would that be a load shedding instruction rather than OM instruction?	The activation of OM gas arrangements and the load shedding instruction to cease taking gas are two separate things. The licence obligation on the GSO to secure OM gas is intended to allow material gains while the GSO waits for the market to respond to an imbalance. The declaration of a stage 2 NGSE means the market has failed to rebalance the system and legal direction is required to reduce demand and increase supply. A site currently nominated down to 0 through contractual means (OM) will still be phoned when Stage 2 load shedding is taking place on the NTS and directed not to return to take gas until a stage 4 NGSE (restoration) has been declared and the legal instruction to cease taking gas is revoked.
OM / NEMT	Will there be a clear cut over for a CCGT which is called under an OM contract versus load shedding in a stage 2 gas emergency?	Yes, the site would be contact under a stage 2 NGSE and directed not to return to take gas until a Stage 4 NGSE (restoration) has been declared and the legal instruction to cease taking gas is revoked.
OPN	What are the rules for rejecting an OPN and can a user still take gas if an OPN is rejected?	<p>The OPN rules would be enforced (and an OPN rejected) if we need to protect safe operating pressures and are unable to accommodate the usual flex that we try to provide, beyond the 1/24<sup>th</sup> rate. Enforcing the rules would result in restricting CCGTs to stricter NEXA parameters / ramp rates etc. We would let you know the rules are being enforced via ANS - this would inform of our inability to continue to support OPN rule breaches.</p> <p>A Shipper may still take gas in excess of their last accepted OPN, though in the event that the emergency escalates there would likely be a review post-event with Ofgem and HSE involvement. <i>See responses to other questions on this point.</i></p>
OPN	What are the timescales for rejecting an OPN after it is submitted?	<i>As above</i>
OPN	Are constraints notified on ANS before rejection of a nomination or OPN?	Constraints are notified on ANS in respect of the fact that commercial actions are being taken, and a market response is sought. Commercial actions may be taken in parallel or sequentially, depending on the constraint situation unfolding, so the ordering of OPN rules being enforced and other ANS messages being issued may vary.

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OPN	Please clarify the comment that an OPN breach could lead to overrun. Surely only if insufficient capacity?	Overruns are based on an EOD position, as opposed to OPNs which are based on hourly flow rates. So yes, only an EOD position of flows exceeding capacity entitlements would lead to an overrun charge. The context of the OPN / overrun linkage was that if this was enduring and led to an EOD flow in excess of capacity entitlements, this may result in overrun charges.
OPN	For clarity, is it the case that having accepted an OPN it remains valid even if rules are subsequently called on (GNCC do not retrospectively reject OPNs)?	Yes, the last accepted OPN would prevail.
OPN	If the OPN is compliant with the rules of the NExA, is it correct that it would only be exposed to over-run costs (6x) and not additional constraint costs?	If the OPN is compliant then there would not be any additional exposure to constraint costs. There would also be no overrun costs unless the Shipper's EOD flow position exceeds capacity entitlements.
OPN	If a site is unable to buy Exit capacity but submits an OPN indicating that it plans to use gas, will that result in an OPN rejection?	A site that submits an OPN would not have this rejected for the reason of not holding the corresponding capacity. OPNs are not considered in relation to capacity entitlements as both may change during a Gas Day.
OPN	When an OPN is rejected, is the reason why clearly stated in rejection?	Yes, the reason for rejection will be communicated.
OPN	Will OPNs complaint with NExA rules always be accepted?	Yes.
OPN	If gas flows breach the NExA rules when rules are applied what are the consequences? Penalties or regulatory breach?	If there is a material breach of NExA which is unremedied for 14 days, we can decide to terminate the NExA or suspend the Network Exit Provisions. In this situation the counterparty would no longer have the right to offtake gas from the NTS at all, or for the period of the suspension.
Regulatory penalties	If post event data is presented to Ofgem highlighting user behaviours, could this lead to regulatory penalties in addition to overrun costs?	This would be a matter for Ofgem to investigate and to determine appropriate consequences/actions.
REMIT	Does NGG provide REMIT notices in relation to constraints?	If the situation warranted this (e.g., met the REMIT reporting criteria) then yes, we would issue a REMIT notice. Not all constraint situations would necessarily qualify, and in those circumstances, we would issue ANS messages to notify industry of any actions we are taking.

## Table of acronyms

Acronym	Phrase
ANS	Active Notification System
CCGTs	Combined Cycle Gas Turbine
DN	Distribution Network
EOD	End Of Day
ESO	Electricity System Operator
GNCC	Gas National Control Centre
GSMR	Gas Safety (Management) Regulations
GSO	Gas System Operator
MEL	Maximum Export Limit
MIPI	Market Information Provision Initiative
NEC	Network Emergency Co-ordinator
NEMT	Network Emergency Management Team
NExA	Network Exit Agreement
NGG	National Grid Gas
NGSE	Network Gas Supply Emergency
NTS	National Transmissions System
OM	Operating Margins
OPN	Offtake Profile Nomination
PN	Physical Notification
REMIT	Regulation on wholesale Energy Market Integrity and Transparency