
Northern Gas Networks
System Management Services

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Utilisation of System Management Services

Annual Report 2008

Northern Gas Networks

Prepared for:
Alex Wiseman
Regulation Director
Northern Gas Networks

Prepared by:
Brian Stoneman
System Operation and Capacity
Manager

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Executive Summary

Northern Gas Networks has been given discretion with regard to the procurement of System Management Services, subject to an obligation under its Gas Distribution Licence to operate the system in an efficient, economic and co-ordinated manner.

Northern Gas Networks confirms that System Management Services during the period 1st April 2007 to 31st March 2008 (covered by this Report) have been procured in accordance with the principles set out in the prevailing Procurement Guidelines, and therefore Northern Gas Networks consider that such activities satisfy its relevant GT Licence obligations.

1. Introduction

1.1 Purpose of the document

This document is the Procurement Guidelines Report ("Report"), which Northern Gas Networks is required to publish in accordance with Special Condition D5 of the Gas Distribution Licence. This Report provides information in respect of the procurement of System Management Services referred to in the Procurement Guidelines. The Procurement Guidelines set out the kinds of System Management Services which Northern Gas Networks may be interested in purchasing, together with the mechanisms by which Northern Gas Networks envisages purchasing such services.

This Report covers each of the services detailed in the Tables of the Procurement Guidelines, and identifies contractual and market-related information for each of the services.

Terms used within this Report shall have the same meaning given to them in Northern Gas Networks' GT Licence and the Uniform Network Code, as the case may be.

This report can be viewed and downloaded from our website www.northerngasnetworks.co.uk.

Further copies of this report may be obtained from:

Alex Wiseman
Regulation Director
Northern Gas Networks
1100 Century Way
Thorpe Park Business Park
Colton
Leeds
LS15 8TU

1.2 Reporting Period

This Report has been prepared in accordance with paragraph 4 Standard Special Condition D5 of the GT licence in force during the reporting period. This Condition states that the Report should be produced within one month after the publication date of the Procurement Guidelines that are prepared in accordance with paragraph 3 of this Condition.

This report includes details of System Management Services procured in relation to the gas flow period 1 April 2007 to 31 March 2008 inclusive, covering both North and North East LDZs which form Northern Gas Networks.

2. Procurement of System Management Services

2.1 Definition of System Management Services

System Management Services are those services that Northern Gas Networks needs to procure in order to operate its Distribution pipeline system in an efficient, economic and co-ordinated manner.

Such services may be provided from a variety of sources. Northern Gas Networks may access existing mechanisms or markets, for example via a trading system or alternatively it may be via other contractual frameworks.

The Procurement Guidelines summarises the above System Management Services as being required for the following applications :

- Shrinkage
- DN Exit Capacity Management
- Storage
- Interruption.

2.2 System Management Services Procured

The services Northern Gas Networks procured in this period are summarised in the following Tables.

Table 1 – Shrinkage

Service Component Description

Shrinkage is the gas that is used or lost by the Transporter in the operation of the distribution network.

Component Details

1st April 2007 to 31st March 2008 procured shrinkage gas

Northern Gas Networks

Month	Quantity Purchased (MWh)
April	34912
May	31567
June	25218
July	22502
August	21168
September	25814
October	37893
November	51628
December	63363
January	62751
February	58677
March	59169

Table 2 – DN Exit Capacity Management

Service Component Description		
<p>In order to manage demands in the distribution network Northern Gas Networks procures flow capability through NTS Offtakes. The flow, based on capability is managed through a flat capacity requirement (peak daily flow) and a flex capacity requirement (flow between 06:00 and 22:00 relative to end of day flow).</p>		
Component Details		
<p>Procured Flat & Flex Capacity– Northern Gas Networks. 1st April 2007 to 30th September 2007.</p> <p>(North LDZ and North East LDZ)</p>		
LDZ	Flat Capacity (GWh/day)	Flex Capacity (GWh/d)
North	265.97	2.77
North East	293.81	16.94
<p>Procured Flat & Flex Capacity– Northern Gas Networks. 1st October 2007 to 31st March 2008.</p> <p>North LDZ and North East LDZ)</p>		
LDZ	Flat Capacity (GWh/day)	Flex Capacity (GWh/d)
North	271.85	6.80
North East	297.98	22.86

Table 3 – Storage**Service Component Description**

Diurnal Storage gas is the quantity of gas required in any given gas day that will balance the input (supply) to match the gas demand at the parts of the day where demand exceeds the supply. Where the perceived diurnal storage requirement for any gas day exceeds that available within the network, Diurnal Storage Services will be procured.

Component Details**1st April 2007 to 31st March 2008 Procured Storage Services****Northern Gas Networks**

During the period 1st April 2007 to 31st March 2008 National Grid, via the Distribution National Control Centre at Hinckley, have administered the storage required to balance the Network. The governance of this process has been by way of daily and monthly reports and regular liaison meetings with DNCC, which have taken place under the terms of the System Management Services Agreement between National Grid and Northern Gas Networks.

Northern Gas Networks has made available internal diurnal storage and any additional quantities have been secured by DNCC against the flexibility capacities booked with National Grid in the Offtake Capacity Statements.

Table 4 – Interruption**Service Component Description**

In the event that demand exceeds transportation capability in either North or North East LDZs, Northern Gas Networks will procure Interruption Services to manage NTS constraints, LDZ constraints and/or supply demand imbalance.

Component Details

During the period 1st April 2007 to 31 March 2008, Northern Gas Networks utilised this service as follows:

LDZ Interruptions				
Month	LDZ	No. of Supply Points Interrupted	No. of Supply Point Days*	Quantity Interrupted (MCM)
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
August	0	0	0	0
September	0	0	0	0
October	0	0	0	0
November	0	0	0	0
December	0	0	0	0
January	0	0	0	0
February	0	0	0	0
March	0	0	0	0

On the 1st April 2007 Northern Gas Network had interruption access to 204 LDZ sites with an aggregate SOQ of 87,714,315 kWh

* Number of Supply Point Days = Number of Supply Points interrupted * duration of interruption for each Supply Point in days