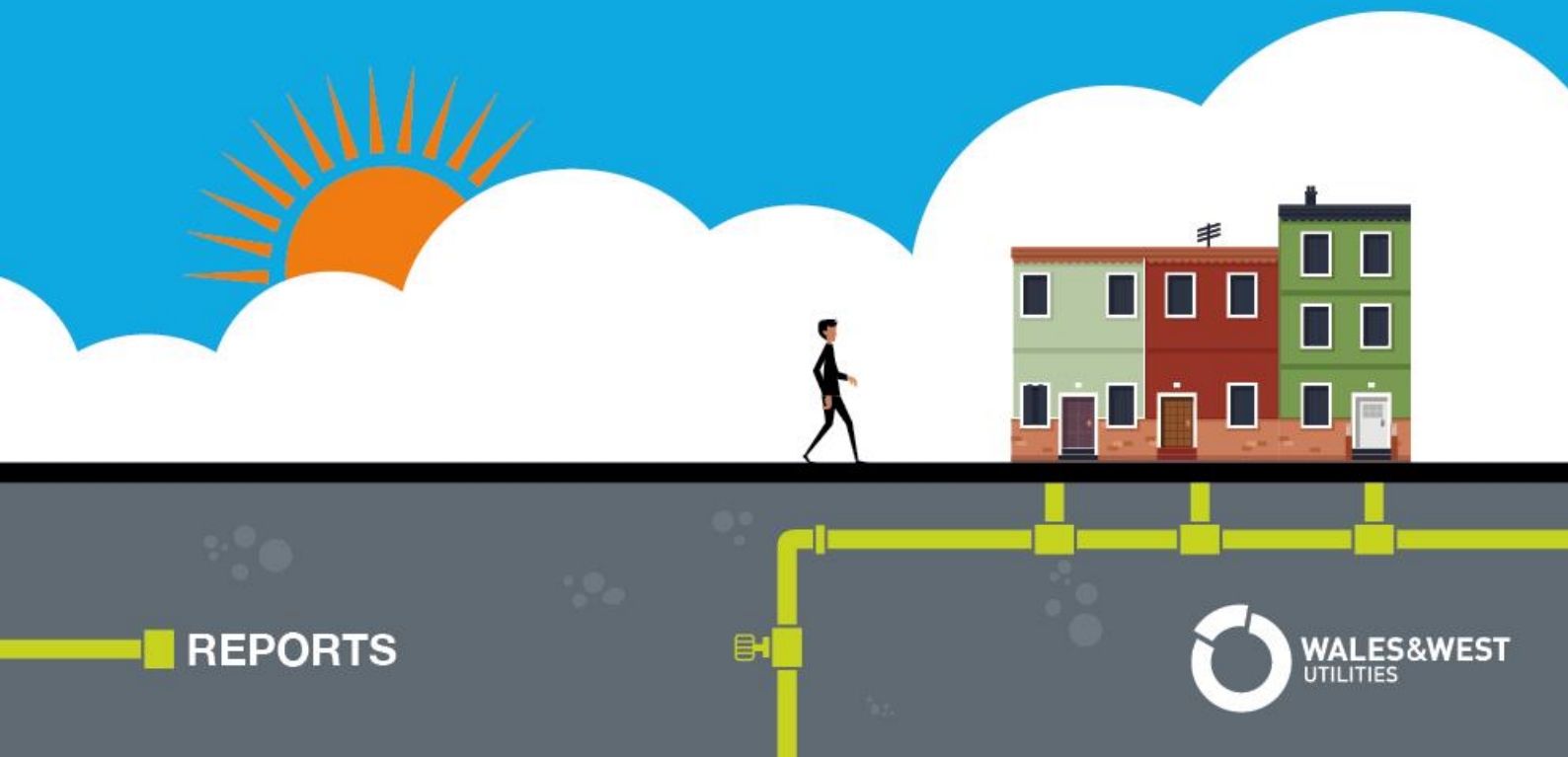


WWU Report on the Procurement Constraint Management

For the period 1st April 2019 to 31st March 2020



REPORTS



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UTILITIES

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Introduction

Wales & West Utilities Ltd (WWU) has been given discretion with regard to the procurement of Constraint Management Services, subject to an obligation under its gas transporter licence.

WWU confirms that Constraint Management Services during the period covered by this Report have been procured in accordance with the principles set out in the prevailing Procurement Guidelines statement, and therefore WWU considers that such activities satisfy its relevant gas transporter licence obligations.

WWU prevailing Procurement Guidelines Statement can be found:

<http://www.wwutilities.co.uk/media/1344/wwu-constraint-management-services-procurement-guidelines.pdf>

Purpose

This document is the Report on the Procurement of Constraint Management Services (“Report”) which WWU is required to prepare in accordance with paragraph 4 of Standard Special Condition D5 of the Gas Transporters Licence. This Report provides information in respect of the procurement of Constraint Management Services.

This Report covers each of the services detailed in the Procurement Guidelines Statement.

Terms used within this Report shall have the same meaning given to them in WWU’s Gas Transporters Licence and the Uniform Network Code, as the case may be.

Reporting Period

This Report has been prepared in accordance with Standard Special Condition D5 paragraph 4. This Condition states that the Report should be produced before 1 May of each Formula Year.

This report includes details of Constraint Management Services procured in relation to the gas flow period 1 April 2019 to 31 March 2020 inclusive.

Procurement of Constraint Management Services

Definition of constraint management services

Constraint Management Services are those services that WWU needs to procure in order to effectively manage capacity rights to enable it to operate its Distribution Network pipelines system in an efficient, economic and co-ordinated manner.

Such services may be provided from a variety of sources. For example WWU may access existing mechanisms or markets. This might for example be via a trading system or alternatively it may be via other contractual frameworks.

The Procurement Guidelines summarise Constraint Management Services as being required for the following applications:

- Shrinkage
- DN Entry Capacity Management
- Storage
- Interruption

Shrinkage

Shrinkage is the gas that is used or lost by the Transporter in the operation of the Distribution Network and includes any gas losses due to unidentified theft, leakage and own use gas (OuG).

Details of procurement

Procured shrinkage gas in the period 1st April 2019 to 31st March 2020:

Shrinkage is procured on a day ahead basis through a third party contract. The contract procured 32, 395 therms per day between April and June 2019 and 32, 511 therms per day between July 2019 and March 2020. This results in the following purchases by month and over the period:

Month	Quantity Purchased (Therms)	Quantity Purchased (kWh). One Therm equates to 29.3071
April	971,850	28,482,105
May	1,004,245	29,431,509
June	971,850	28,482,105
July	1,007,841	29,536,897
August	1,007,841	29,536,897
September	975,330	28,584,094
October	1,007,841	29,536,897
November	975,330	28,584,094
December	1,007,841	29,536,897
January	1,007,841	29,536,897
February	942,819	27,631,291
March	1,007,841	29,536,897
TOTAL	11,888,470	348,416,580

DN Entry Capacity Management

In order to manage flows into the distribution network WWU procures flow capability through NTS/LDZ 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).

Details of procurement

Procured Flat & Flex Capacity in the period 1st April 2019 to 31st March 2020

Period	1 st April 2019 to 30 th September 2019		1 st October 2019 to 31 st March 2020	
LDZ	Flat Capacity (GWh/day)	Flex Capacity (GWh/d)	Flat Capacity (GWh/day)	Flex Capacity (GWh/d)
South West	253.23	12.17	260.04	12.24
Wales North	49.26	0.05	49.26	0.54
Wales South	207.01	11.63	207.01	11.78

Storage

Gas taken from WWU's distribution network follows an identifiable diurnal pattern. These fluctuations in demand are managed through the use of diurnal storage services including internal LDZ storage, either low or high pressure vessels or linepack. 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 that demand exceeds the supply. This gas will then be put back into store over night with a net storage use effect across the day of zero.

Details of procurement

During the period 1st April 2019 to 31st March 2020 WWU did not procure gas for its distribution network from external storage providers and utilised internal and free of charge external diurnal storage services only.

Interruption

Customers who wish to take part must successfully bid for interruption rights through an interruption tender process. In each Gas Year (Y) WWU may invite interruption offers by users in respect of each of Gas Year Y+4 to Y+8 inclusive, and may invite interruption offers in respect of Gas Years Y+1 to Y+3 inclusive (each a separate interruptible period) by way of an Annual Interruption Invitation. WWU may invite interruption offers at any other time and in respect of any other interruptible period (whether comprising all or part of any Gas Year), by an ad-hoc interruption invitation, in relation to which the invitation date(s) shall be such date, or dates, as the DN Operator may decide.

At peak conditions it was identified that there may be a storage or pressure constraint that could be relieved through interruption.

An interruption auction took place during June and July 2019 where eligible customers were offered the opportunity to bid for an interruptible contract. However, WWU received no bids so other options had to be considered to relieve the constraints.

For 2020/21 potential constraints will be identified and specific eligible sites will be targeted to consider offering interruption contracts.

Details of procurement

Since 1st October 2016 WWU have no active interruption contracts in place.