

# DEMAND SIDE WORKING GROUP MEETING

## MEETING NOTES

Venue: Ofgem, 9 Millbank, London

Date: 10 February 2005 10:00 – 13:00

### Attendees

**Chairperson:** Matthew Buffey (MB) Ofgem

|                      |                     |
|----------------------|---------------------|
| Ndidi Njoku          | Ofgem               |
| Adam Higginson       | Ofgem               |
| Liz Chester          | Ofgem               |
| Eddie Blackburn (EB) | NGT                 |
| Neil Sutton (NS)     | NGT                 |
| Dave Cockshot        | RWE Npower          |
| Russell Reading      | GdF                 |
| Bob Brown            | Cornwall Consulting |
| Mark Linke           | Centrica Energy     |
| Rupert Judson        | EDF Energy          |
| Helen Bray           | CIA                 |
| Sam Parmar           | Statoil             |
| Christiane Sykes     | E.ON UK             |
| Alison Meldrum       | Corus               |
| Keith Campion        | Elaxon              |
| John Mathers         | Corus               |

### **1. Comments on the notes from the last meeting:**

There were no comments on the last meeting notes. MB confirmed that the minutes will be published on Ofgem's website.

### **2. Action points from the last DSWG meeting (Ofgem)**

- Eddie Blackburn (EB) provided further information in respect of Enmo's data access costs by email.
- EB confirmed that NGT will publish storage information on an Excel sheet, and will report back at the next DSWG meeting on whether NGT can provide a more user friendly format.
- Matt Buffey (MB) stated that Ofgem were liaising with various external contacts to circulate DSWG information further a field, and stated that the DSWG meeting notes and other associated paperwork will continue to be posted on the Ofgem website.

### **3. Revised DSWG terms of reference (ToR)**

MB requested that the DSWG members send Ofgem any amended wording and/or comments on the DSWG ToR to facilitate possible approaches in measuring the degree of the DSWG's success in reaching its objectives. It was suggested that the DSWG may want to consider whether the DSWG's objective under the ToR should be monitored on a regular basis.

### **4. Demand Turndown (Neil Sutton, NGT)**

NS confirmed that 2 Aggregators were currently participating in the current winter trial, offering a combined volume of 160mw (approx). One standby instruction was reported to have been called previously, and NS stated that another standby instruction had been called today.

NS informed the group that feedback on the operational aspects of the trial service showed that there was an issue with visibility of the trial service. NS stated that lack of live metering has meant that NGT's engineers were unable to see the volumes of demand reduced by the trial service. In addition, NS reported that the volumes associated with the trial have so far not inspired control room confidence in calling the service, and stated that the demand turndown service was called a lot more during the summer trial.

Some members of the DSWG were concerned that in order for NGT to obtain confidence in the trial service, NGT will need to utilise the trial service a lot more, to enable NGT to gain a better understanding of the service and test the reliability of the trial.

**Action:** To facilitate participation rates, NS to go back to NGT to discuss the possibility of moving the fixed window associated with the demand turndown to 7-11 (w1) and 9-11 (w2).

**Action:** NS agreed to inform NGT's control room that the demand turndown service will need to be called more during the trial in order to test the service, and will ensure that all control room staff are aware that demand turn down need not be called at the last minute.

### **5. How Cash-Out arrangements are affected by physical and locational markets for national balancing purposes**

Eddie Blackburn made a presentation to the DSWG.

### **6. Revisiting the issues surrounding the demand side offering OM services (NGT)**

Eddie Blackburn made a presentation to the DSWG

EB informed the DSWG that contestable services had been developed, in Summer 2002, to assess the scope for alternative providers of Operational Margins and Transmission services in addition to those being provided by Network Code Storage arrangements.

**Action:** In regards to a query from the demand side, NGT to confirm whether, under the current arrangements, end-users are able to enter directly with Transco for residual balancing purposes, as opposed to primary balancing purposes.

#### Mod 605- Demand side Contestable Services

EB informed the DSWG that Transco had Proposed Modification 605, in order to develop contestable demand side service contracts. It was considered that the demand side contracts may, in the future, provide Transco with a substitute for existing OM and TS services currently provided by Network Code storage arrangements.

To replace the storage based Operating Margins service with demand response on a 1:1 basis would have required a very high degree of certainty that a customer providing the service would be taking gas when option exercised. The requirement for an HSE demonstration that a demand side service could be equivalent, was identified. This would have involved a period of parallel running whereby Transco would book 100% of its OM requirements in storage in addition to some demand side alternatives. Only once proven could Transco have been able to reduce its OM storage bookings. The Shipper community and Transco were unwilling to fund parallel running and following further difficulties defining a service, the Contestable Services Modification Proposal 0605 was withdrawn at the Planning and Security Workstream on 4th March 2003.

**Action:** EB will confirm at the next DSWG meeting the costs associated with running Proposed Modification 605 in parallel with the OM booking service.

#### Contestable Storage Outcome

EB stated that NGT will publish its OM booking for Winter 2005/6 on 1 March. EB reported that there was no scope to change NGT's OM booking's for Winter 2005/6. However, EB stated that there was scope to assess the issues and possible options being considered in the context of NGC's 2005/6 OM requirements.

EB also informed the DSWG that Transportation support issues would be discussed as part of the Exit Review, while OM booking requirements will be excluded from the review. EB also stated that the Exit Review would require Transco to contract for Transmission support (i.e. Capacity Management) for October 2006. EB therefore stated that there was still an opportunity under the Exit Review to scope out how potential demand side alternatives could effectively meet NGT's Safety case.

**Action:** EB to bring further information on Exit review back to the DSWG.

## **7. AOB**

**Action:** The DSWG agreed to consider arranging future DSWG meetings during the spring and summer to facilitate any issues for winter 2005.

**Action:** The agenda for the DSWG meetings will be split into two distinct gas and electricity sections. The agenda will indicate the approximate start times for each section to allow Parties to attend their preferred section of the meeting.