

DEMAND SIDE WORKING GROUP

Meeting of the Sub-Group

MEETING NOTES

Venue: Ofgem, 9 Millbank, London

Date: 5 August 2005 9.00 – 11:00

Attendees

Chairperson:	Sonia Brown (SB)	Ofgem
Jo Witters	Ofgem	
Fiona Lewis	Ofgem	
Liz Chester	Ofgem	
Olaf Islei	Ofgem	
Mark Brackley	National Grid (NG)	
Chris Logue	National Grid (NG)	
Ritchard Hewitt	National Grid (NG)	
Helen Bray	Chemical Industries Assoc (CIA)	
Nigel Cornwall	Cornwall Energy Assoc	
Paul Savage	energywatch	
Alison Meldrum	Corus	
Christiane Sykes	E.ON UK	
Tanya Morrison	Shell Energy	
Sharif Islam	Total Gas & Power	

1. Terms of Reference (TOR)

It was agreed that Ofgem would develop and circulate Terms of Reference (TOR) for the group and that these would cover consideration of the following issues:

- ◆ the information currently made available to the market, both in respect of the quality and transparency of information and a comparison of relevant information made available in the electricity and gas markets;
- ◆ the extent to which the OCM facilitates participation by the demand side and whether any barriers exist that may be addressed; and
- ◆ discussion of the role and responsibility of National Grid (NG) in its residual balancing including any limitations on NG in performing this role

Ofgem to circulate the draft TOR to the DSWG for comment (**Action Point**).

2. Presentations

Mark Brackley (MB) from NG provided a presentation on information made available by NG in the electricity market in timescales from year ahead to day ahead, and operational notifications (e.g. system warnings) in relation to the supply/demand position that may be issued within day. Chris Logue (CL), also from NG, provided a presentation on NTS information available to gas consumers. These presentations will be available at the end of August on the Demand Side information site on Ofgem's website: www.ofgem.gov.uk.

3. General discussion of points raised in presentations

Tanya Morrison (TM) commented that one of the main differences in gas and electricity was the system warnings, and that system surplus information was not available in the gas industry. TM also noted that BSC requires that information is made available to the market earlier in the electricity market (day ahead/week ahead). The group discussed that in the electricity context, all available information is available on the BMRS, and that information that is provided in the gas market is not as well presented as it is in the electricity market. Nigel Cornwall (NC) commented that relevant electricity information was easily available in one place, but that parties would have to search in several places for the equivalent in gas.

Sharif Islam (SI) queried the reserve review carried out by NG and whether they had contacted customers. MB confirmed that the Reserve Review had comprised industry workshops (involving all interested parties) as well as bi-lateral meetings with a range of parties including VI and large players, independent generators, demand side participants, Traders, consultantsetc. It was noted that a consultation document is due to be published by NG in respect of this review by the end of August. The reserve review is considering information provision in respect of reserve, but there is also a separate BSC working group considering enhancements to information provision in electricity more generally.

The group discussed whether the level of information available to customers may actually confuse rather than assist. Sonia Brown (SB) noted that Ofgem had received a number of emails from customers seeking for further information to be made available in the gas market.

TM commented that in the gas context one of the main issues related to the fact that information was not updated on a regular basis. HB noted that this was an issue over the last winter and NG indicated they would look into this (**Action Point**).

The group discussed data regarding storage monitor levels, with HB noting that customers would find this information useful if updated on a more regular basis, i.e. forecast on a regular and rolling week ahead basis. SB confirmed that the availability of day ahead and 2 day-ahead information being available to customers was an issue highlighted at the DSWG meeting last week. TM noted that storage monitor levels should already be updated on a daily or weekly basis if the levels required this, but that if this was not the case the information would not be relevant.

SI confirmed that shippers can nominate 30 days ahead, but that they don't have access to forecast information as NG do not issue any forecasts in the gas market in this timeframe. NC commented that he could not see why the two industries are so different as NG provides best estimates for both gas and electricity. TM could not see why customers would need more than a week-ahead information, and that the equivalent to a Notice of Insufficient Margin (NISM) in gas where necessary would probably be sufficient.

Helen Bray (HB) noted a number of issues she would like to discuss and seek to address on behalf of her members in the CIA. These were:

1. Daily updating of Storage Monitors;
2. Week-ahead forecasts from NG;
3. Gas NISMs;
4. Increased information in respect of Interconnector operation/flows; and
5. Access to the OCM.

The group discussed these issues in turn.

Storage Monitors

Ritchard Hewitt (RH) confirmed that NG would require permission from the storage operators in respect of storage monitor information if this were to be updated on a daily basis. NC commented that week ahead information would be more critical than day ahead. SB asked the group whether it would be useful for Ofgem to contact owners of daily information on storage, indicating that customers required this information. Shippers in the group did not object to customers receiving this information, and SB confirmed that Ofgem would write to the relevant parties and keep both NG and members of the group updated on this issue. **(Action Point)**

Week-ahead forecasts

NG confirmed that they will be receiving 5 day-ahead weather information in respect of the gas industry. SB commented that she believed that NG already receive this information for electricity. NG noted that it can only make a prediction of where supplies may come from based on the information they receive from Terminal Operators and shippers. HB confirmed that it would be useful to know NG's view in respect of their 5 day-ahead predictions. NG stated that information related to system supply and demand levels is already made available when such information is provided to NG, but may be better presented to customers, and that they will review whether a 5 day-ahead system supply and demand view could be provided based on weather information currently received. **(Action Point)**

SB highlighted the fact that if demand response is required, customers would prefer to know beforehand and have access to all the information in one location on the website.

TM noted the issue of storage monitors possibly being breached, emergency procedures being put into place and the likelihood of interruption. It was noted in this respect that the timing of information being released to the market was a key difference between the two industries. NC commented that NG do not receive weekly information from shippers, and TM stated that if this was to be required, shippers would in turn need to

approach customers and it would probably be the case of the same customers providing the information on a weekly or day-ahead basis. SB confirmed that there was a lot of information available to NG through the voluntary scheme and that Ofgem would be interested in what NG could produce from this information. SB requested whether NG could produce similar information for gas as it does for electricity (e.g. an overview page), and RH confirmed that NG would look at what information it currently held and what could be done in this respect. **(Action Point)**

Gas NISMs

The group discussed NG publishing system warnings and whether or not these could be published on their website. The possibility of NG's website providing a similar 'news flash' message as on the Active Notification System (ANS) was also discussed. HB confirmed that it would be helpful if all this information, including publishing system demand levels, could be available on one page, and particularly in a tight situation. NG confirmed that they use the ANS system to notify Shippers when an action, such as placing additional offers on the OCM is required, either for the day ahead or within the day. TM asked whether NG could place a form of "NISM" on the storage monitor web page,, and NG confirmed that they could communicate this to industry participants and would look into how this could be made more visible in order to make them aware of the potential requirement for demand side management.

It was noted that chemical plants require some notice in order to make any necessary arrangements. The group discussed the benefits and disadvantages of this option and NG indicated they would consider this further. **(Action Point)**

Interconnectors

HB indicated she would discuss interconnector related concerns with IUK.

Access to the OCM

HB noted that customers would appreciate access to the OCM. The group discussed whether customers would be willing to pay for this access, or whether access could be provided via their contracts with shippers. As the information on the OCM would not be readily auditable in the manner customers were interested in being able to do, the group agreed that customers would need to access this information through their shippers. Customers to discuss this with shippers where they consider this to be appropriate or necessary.

Action Points

1. Ofgem to contact owners of storage data and note that it would be helpful if information could be released on a rolling 7 day-ahead basis.
2. NG to develop a 'straw-person' of an overview page for its website – this to include information regarding forecast/actual supply and demand in one site.

NG also to confirm that this forecast information has been based on actual information available.

3. HB to meet with IUK to discuss interconnector related concerns.
4. It was agreed that the group would discuss the OCM and Residual Balancing issues at the next sub-group meeting, and that NG would hope to provide Ofgem with details of a “straw-person” in order that this could be circulated before the next meeting.

Ofgem noted that it would inform members of the sub-group of the date of the next meeting shortly, and that the meeting was likely to be within the next week to 10 days.
(Action Point)

This meeting has now been confirmed for 19 August from 10:00 -13.00pm at Ofgem’s offices, 9 Millbank, London.