

A vertical strip on the left side of the slide showing a close-up of electrical components, including a three-pin UK power plug and a circuit board with various electronic components.

# Ofgem's perspective

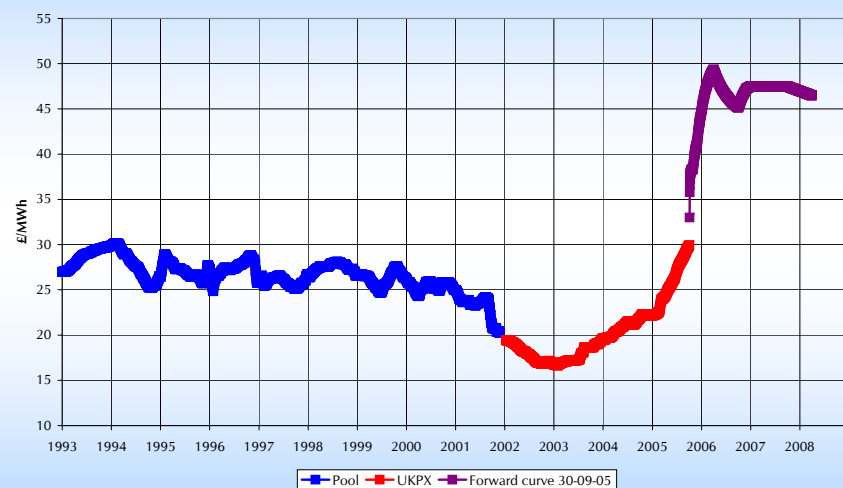
Sonia Brown  
Director, Markets, Ofgem

## Key for this winter

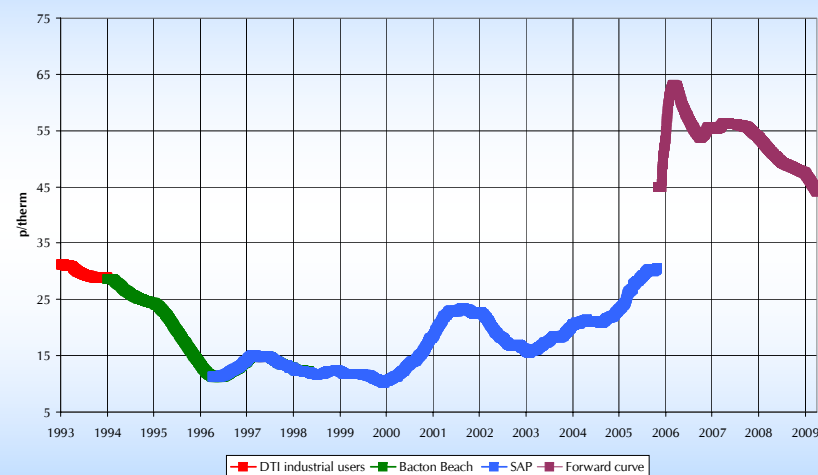
- Important issues for us all
- No room for complacency
- Ofgem working closely with industry and customers

# Wholesale Prices

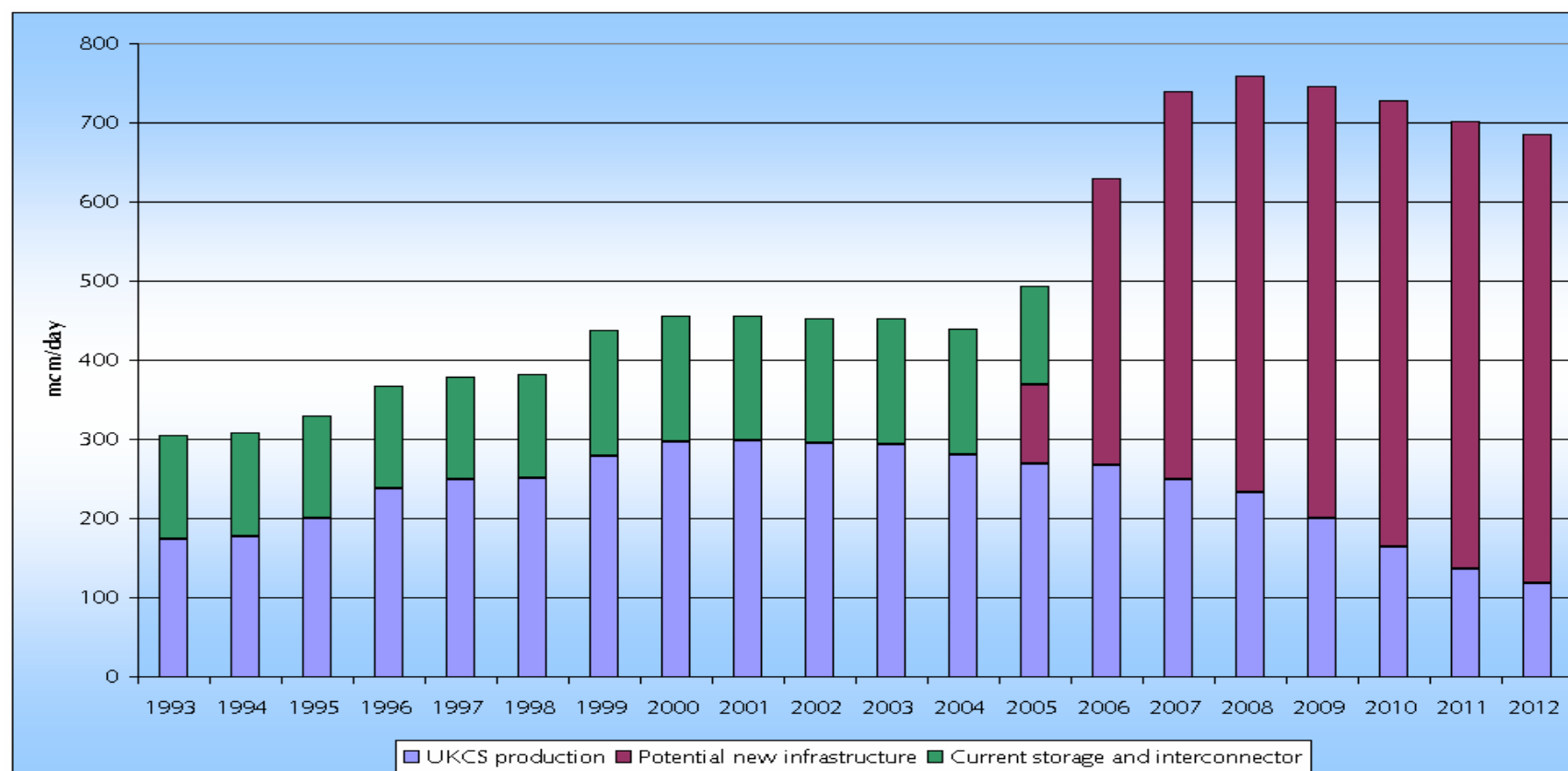
## Electricity prices



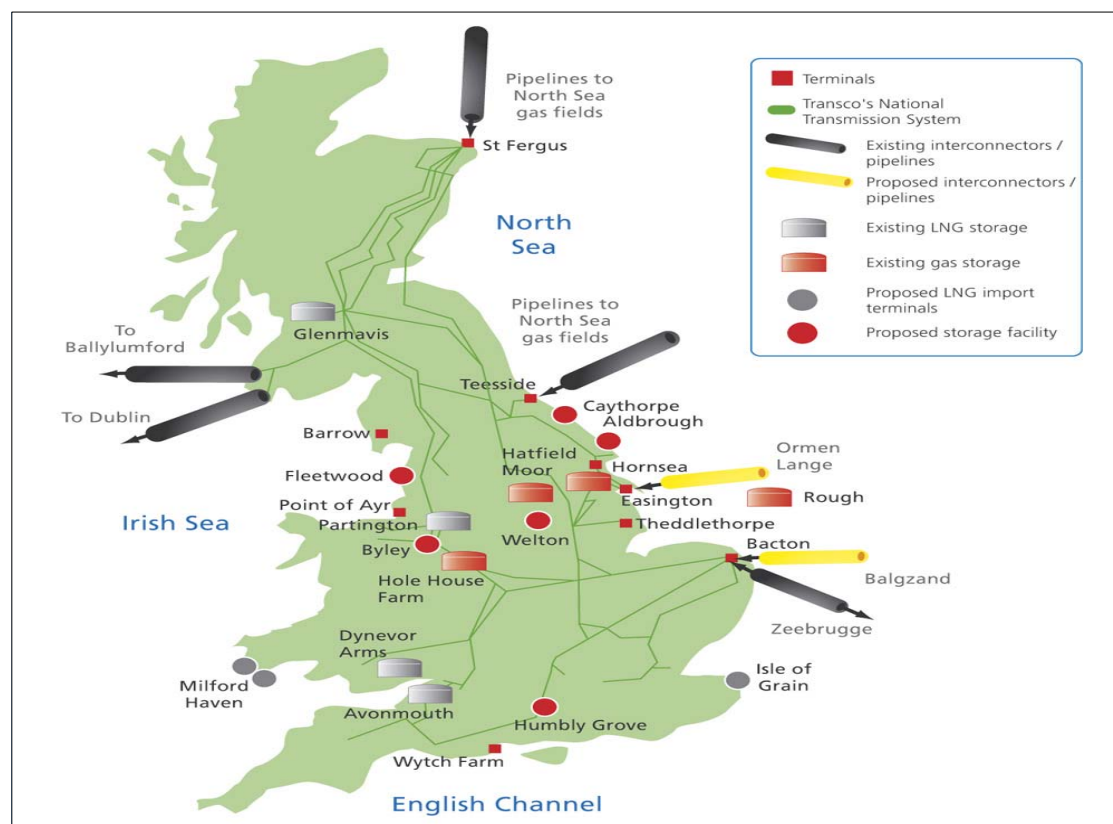
## Gas prices



# Why increasing prices?



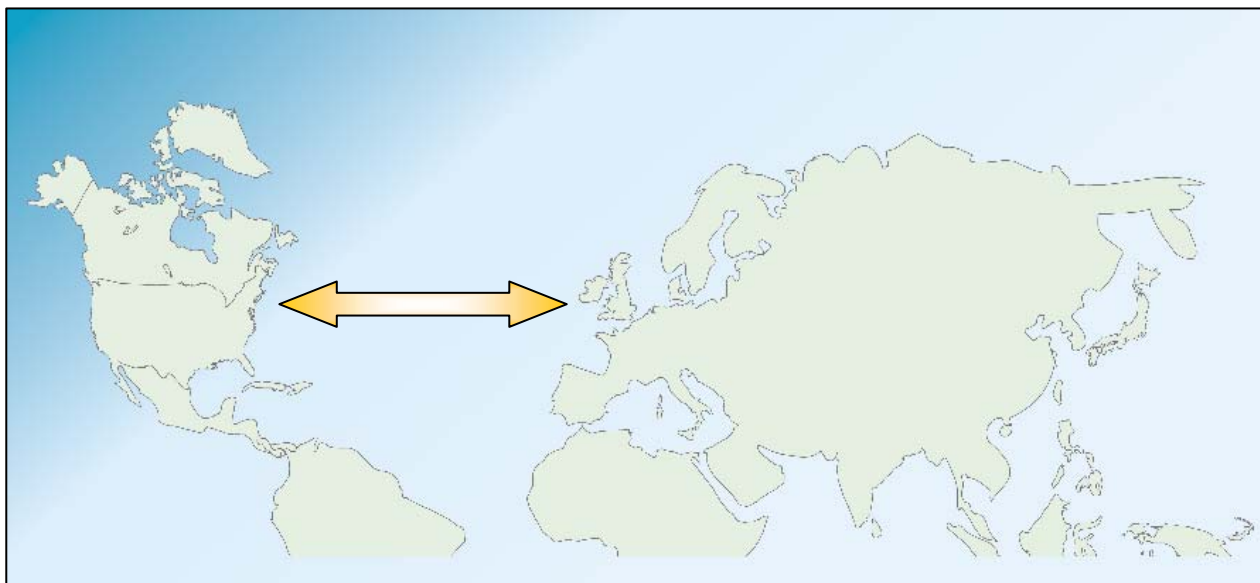
# What's on the horizon?



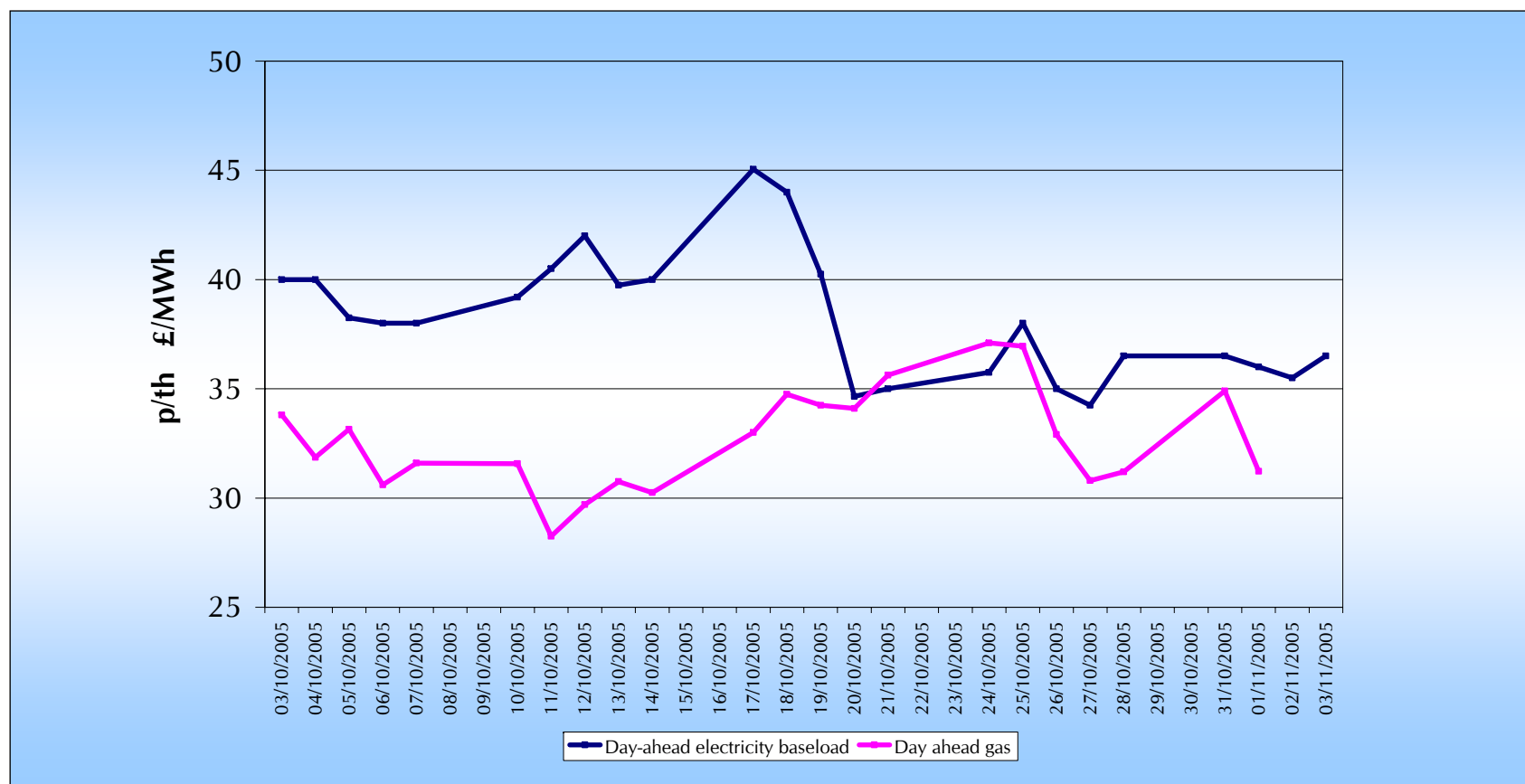
# European and Global Market

Competition for supplies

- Interconnector – GB vs continent?
- LNG – GB vs global market?



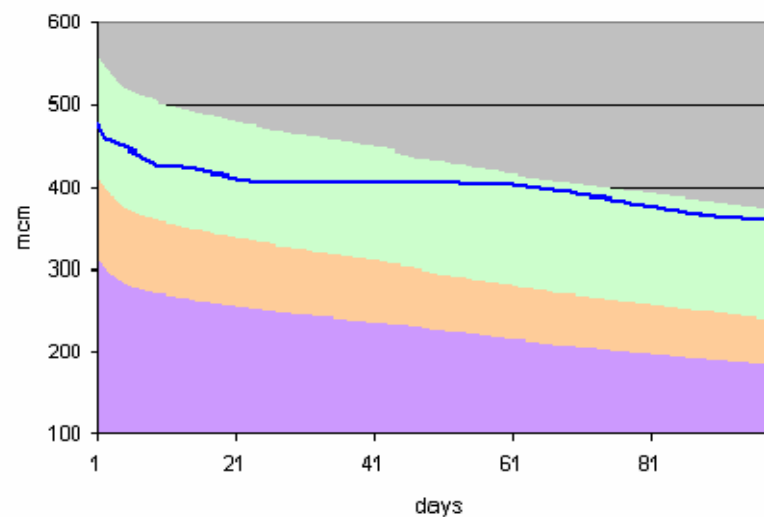
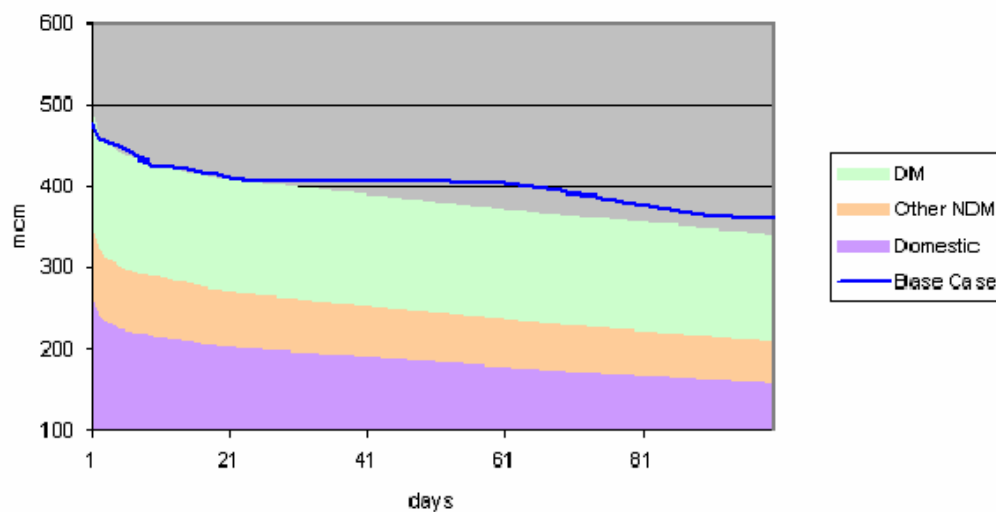
# Winter prices to date



# Winter Outlook - Gas

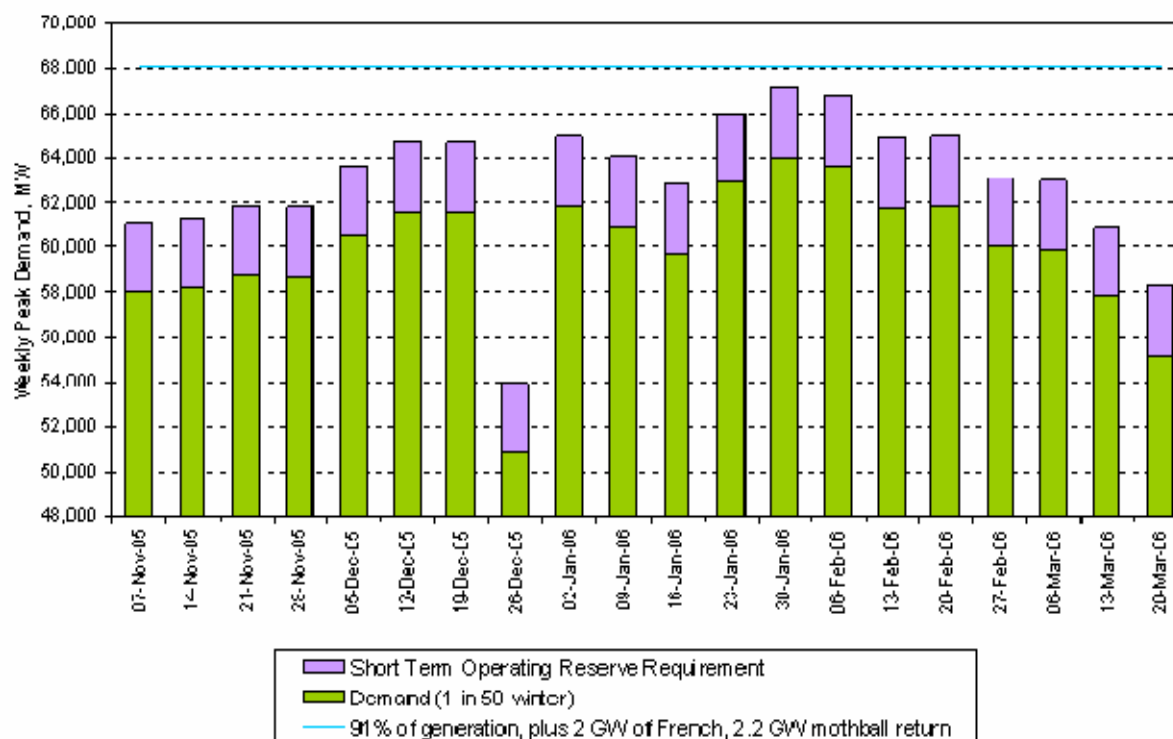
➤ Average winter

➤ Severe 1 in 50 winter





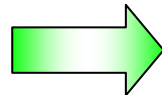
# Winter Outlook – Electricity



# Winter Outlook - Gas/Electricity interaction

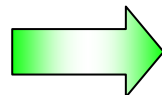
## CCGT relief to gas market

In average winter conditions...



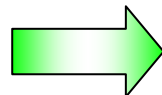
required level of 0.1bcm provided by CCGT

In 1 in 10 winter conditions...



1.4bcm of the required 2.2bcm provided by CCGT

In severe winter conditions...



1.8bcm of required 3.7bcm provided by CCGT

## What does this mean?

Potential need for demand side response

Customers can contract  
with suppliers for  
different types  
of interruption

Contract terms will  
reflect costs to  
customers business

# Ofgem's work

➤ Information

➤ NG's role as residual balancer

➤ Barriers to demand side response

➤ OCM

➤ Environmental restrictions

Key objective: find 'quick wins' in these areas for winter

Daily Outlook

Gas Day : Wednesday, 15/01/06

SYSTEM ALERTS

UPCOMING ISSUES

WINTER DURATION

Definitions

Click [here](#) for system alert history

DEMAND

		Demand (mcm)	SND (mcm)	Variance (mcm)	
14/01/06	Actual Demand	397	407	-10	15/02/06 14:09
15/01/06	Forecast Demand	417	408	9	15/02/06 10:09
16/01/06	Forecast Demand	421	408	13	15/02/06 13:09

Definitions

Click [here](#) for forecast demand report (SIS03)

FLows INTO NTS

Todays Forecast Flows into the NTS

414 mcm

Definitions

Click [here](#) for forecast aggregate flows report (NTSAPF)

LINE PACK

Linepack Graph

Todays Opening Linepack

296 mcm

Predicted Closing Linepack (PCLP1)

293 mcm

Change in Linepack

-3 mcm

Definitions

Click [here](#) for full system status report (NB92)

INTERRUPTION

Likelihood of Interruption for gas day	NTS	Spec.		
	NTS	Non-Spec.	Med	2 Zones
	LDZ	NSL	Low	
	LDZ	NSL	High	3 Zones
15/02/06	LDZ	Non NSL	Med	6 Zones

Definitions

Click [here](#) for Likelihood of interruption details

STORAGE

	14/1/06 GWh	15/01/06 GWh	Safety Monitor GWh	Max rate (GWh/day)	Days left	Ave rate (GWh/day)	Days left
Short	1010	990 (57%)	275 (10%)	490	1	200	3
Medium	1810	1700 (43%)	340 (10%)	290	4	160	7
Long	8790	8600 (24%)	450 (10%)	420	21	380	23

Definitions

Click [here](#) for storage monitor spreadsheet

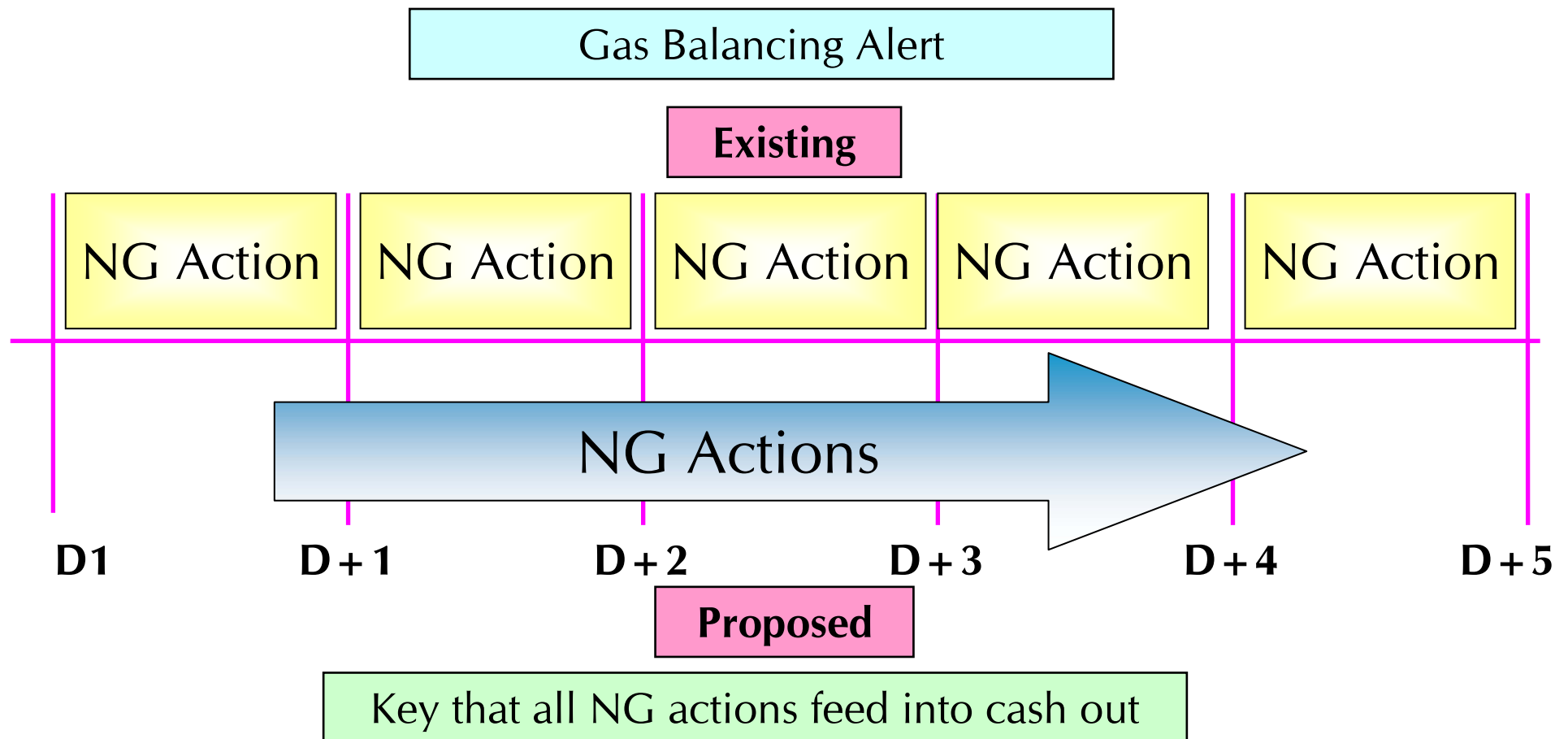
# 1. Information summary page

‘Gas Balancing Alert’

# 2. Information resilience

# 3. Storage Information

# NG as residual balancer



# OCM

- Platform for trading
- Title, Physical, Locational trades
- Potential restrictions:
  - ⇒ lot size
  - ⇒ delivery period

- Changes required to current platform
  - ⇒ Trading 'beyond the wall'
  - APX progressing changes
  - ⇒ On track for 1 December

# Potential restrictions?

Customers need to check their EA emission permit details

In a difficult winter scenario:

- Would amendments be required?
- Do customers have the capability to switch to an alternate fuel?
  - Is this capability detailed on the permit?

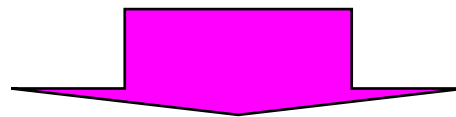
➤ Does the permit only allow for interruption by National Grid?

**Ofgem is working closely with EA on these issues**



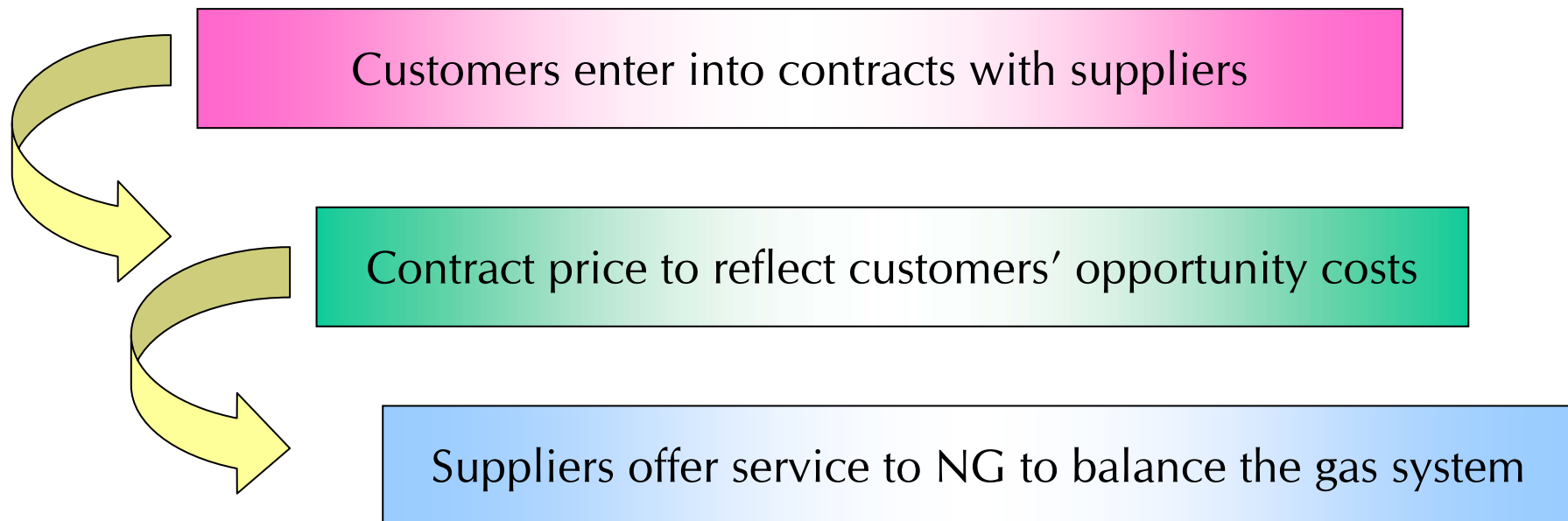
# Current Modification Proposals

- NG has raised 2 modification proposals
- Ofgem has granted Urgent status to both
- Currently being progressed at Workstream
- Are capable of implementation for this winter



Important for customers to express their views

# Contracting opportunities



# Today

➤ Meet Suppliers

➤ Discuss Options

➤ Consider Possibilities

For more information...

**[www.ofgem.gov.uk](http://www.ofgem.gov.uk)**

Ofgem Area of Work

Wholesale Markets

DSWG



Promoting choice and value for all  
gas and electricity customers