

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

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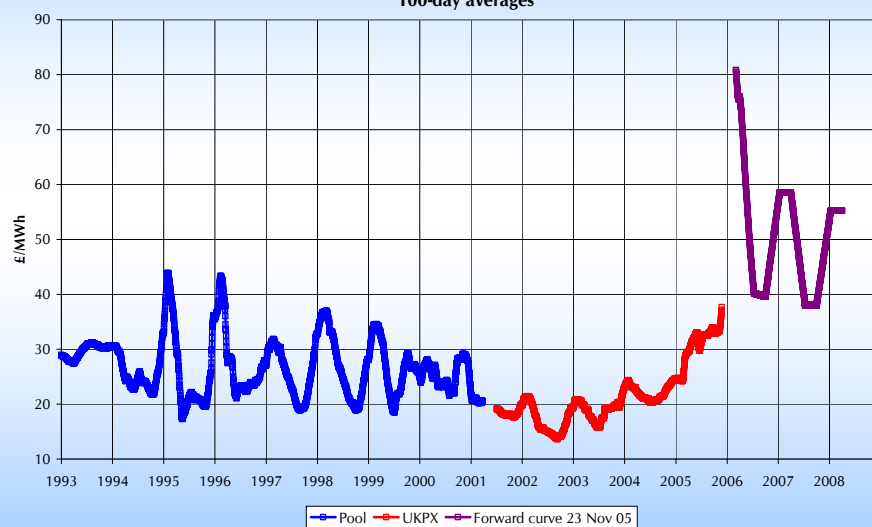
## Key for this winter

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

# Wholesale Prices

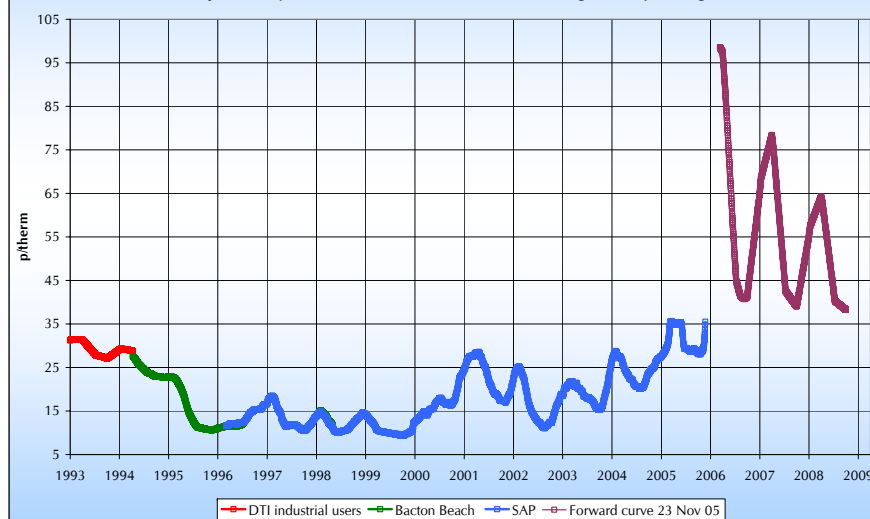
## Electricity prices

Electricity baseload prices (adjusted in real terms) under the pool, NETA and BETTA - moving 100-day averages

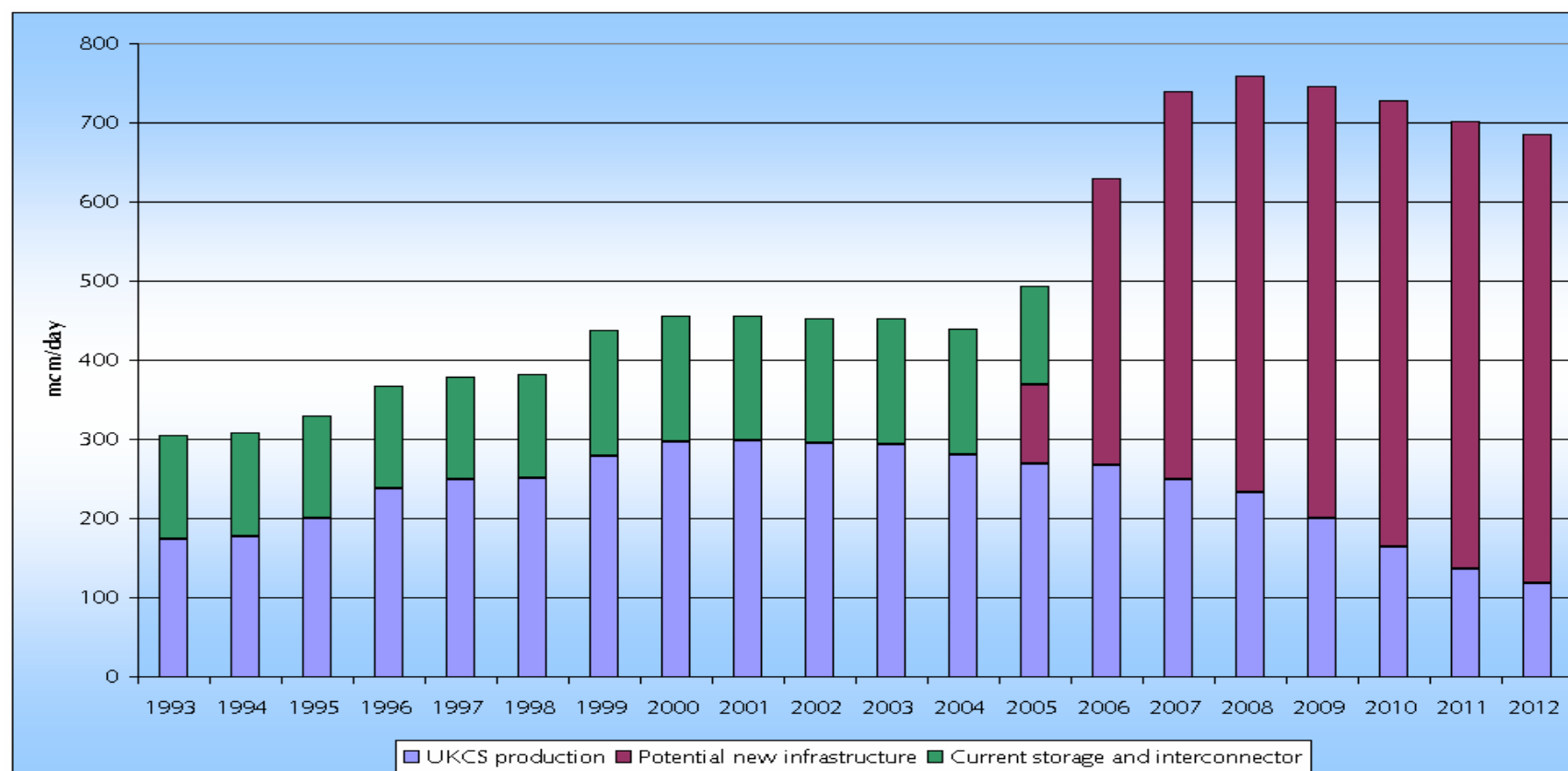


## Gas prices

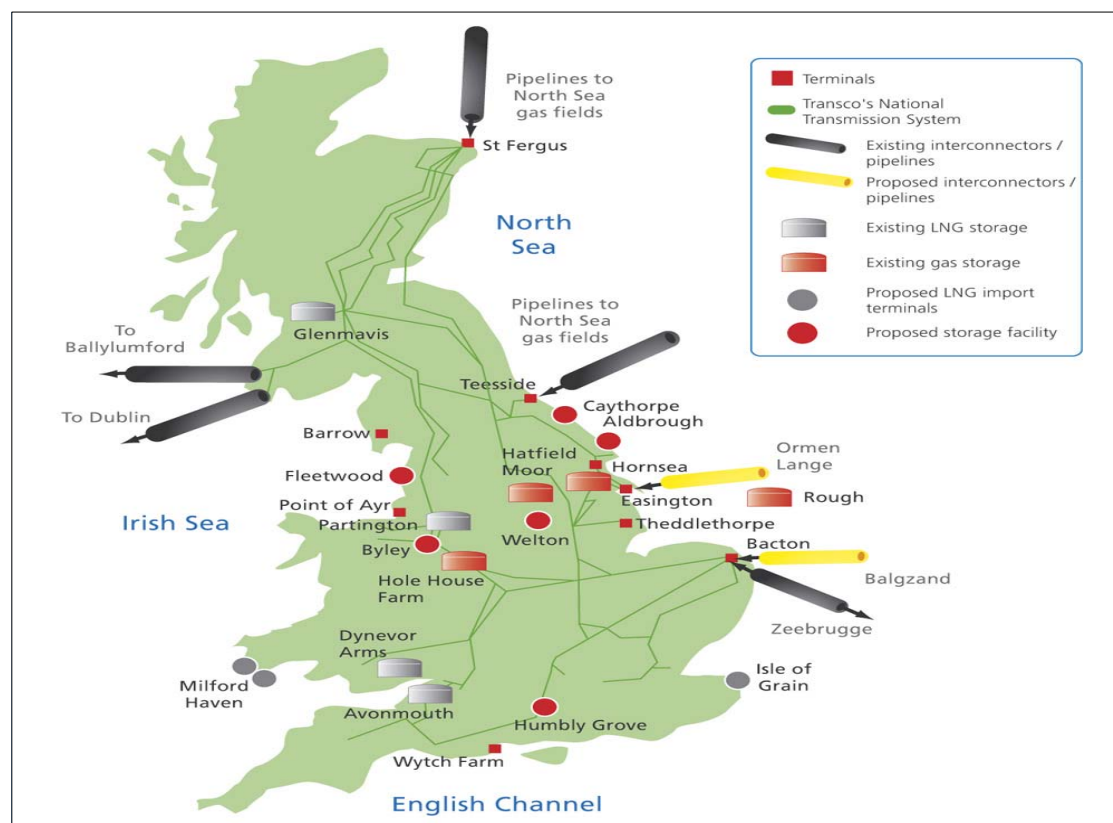
Gas prices (adjusted in real terms) since 1993 - moving 100-day averages



# Why increasing prices?



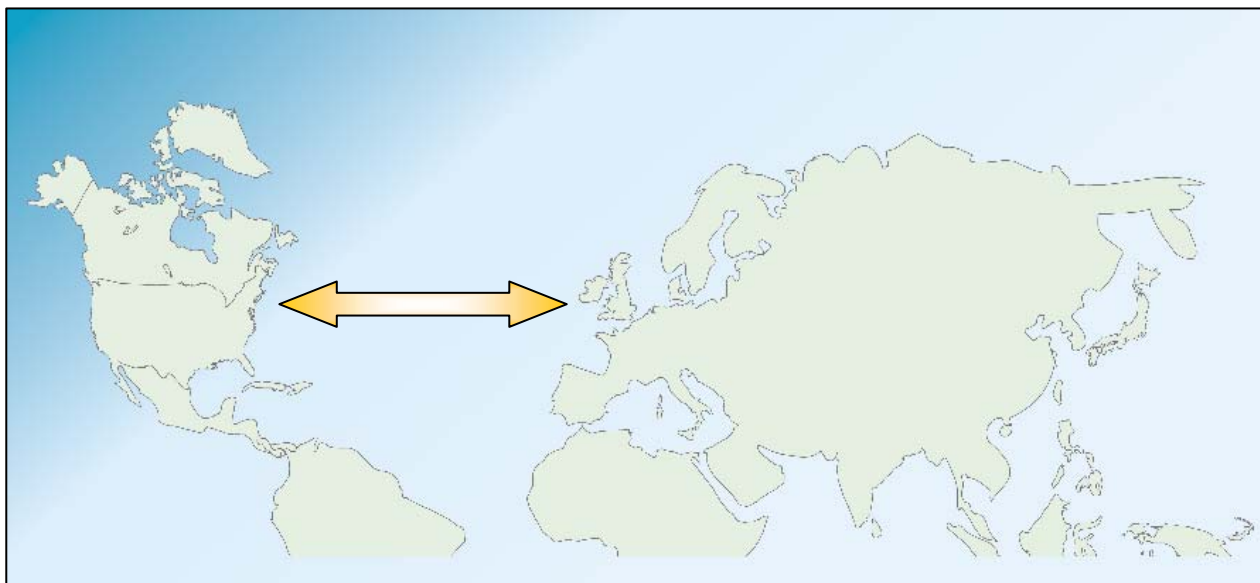
# What's on the horizon?



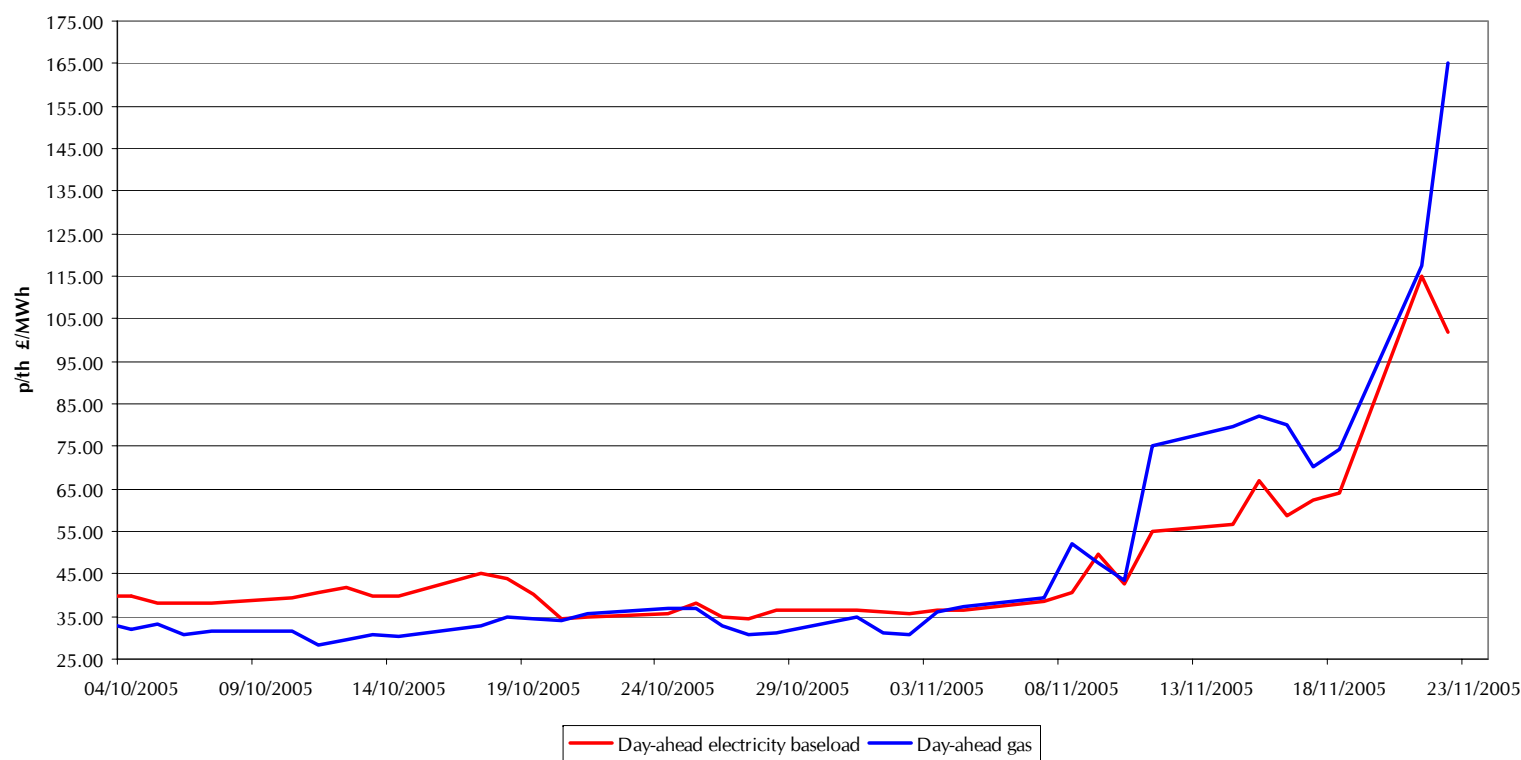
# European and Global Market

Competition for supplies

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



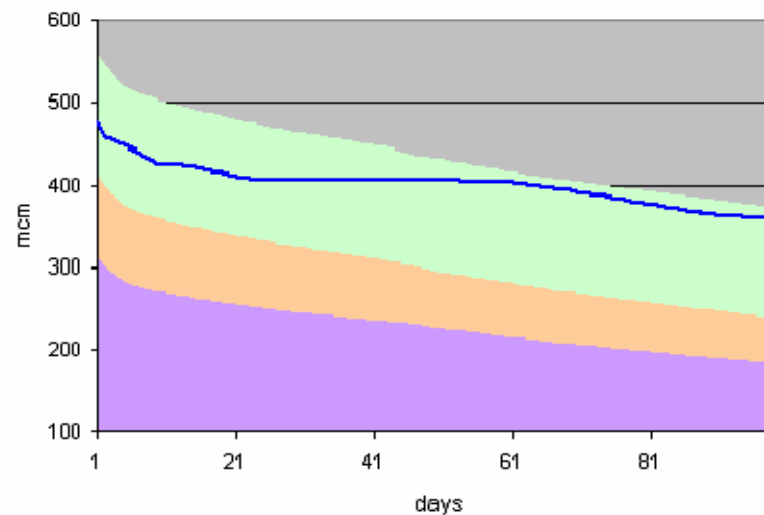
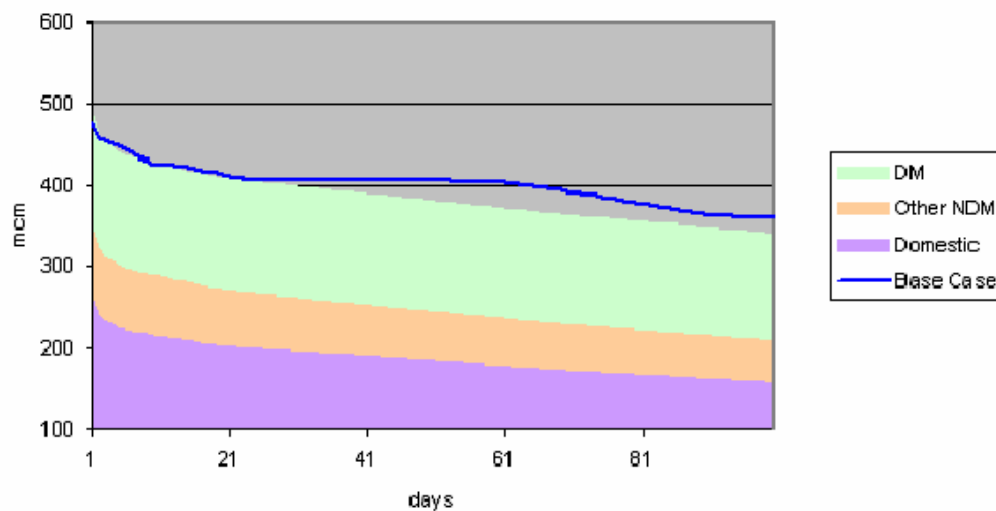
# Winter prices to date



# Winter Outlook - Gas

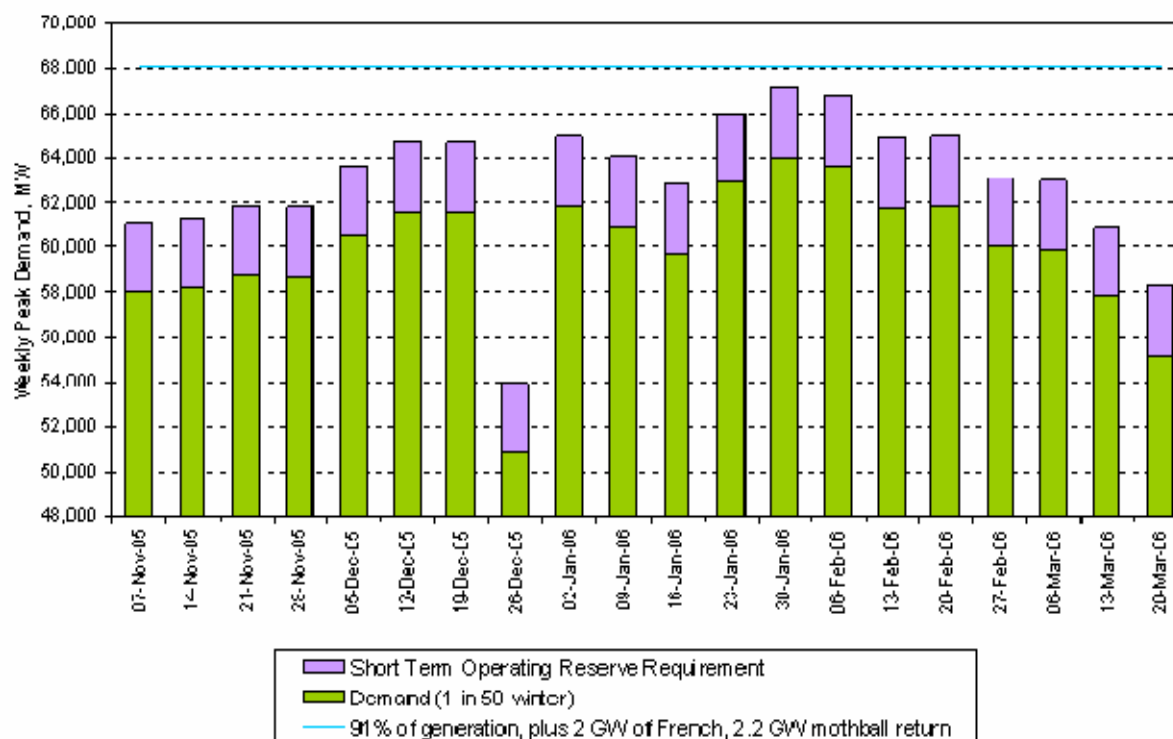
➤ Average winter

➤ Severe 1 in 50 winter





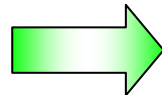
# Winter Outlook – Electricity



# Winter Outlook - Gas/Electricity interaction

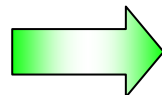
## CCGT relief to gas market

In average winter conditions...



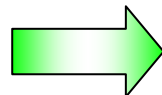
required level of 0.1bcm provided by CCGT

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

# Information

- 1. Information summary page**

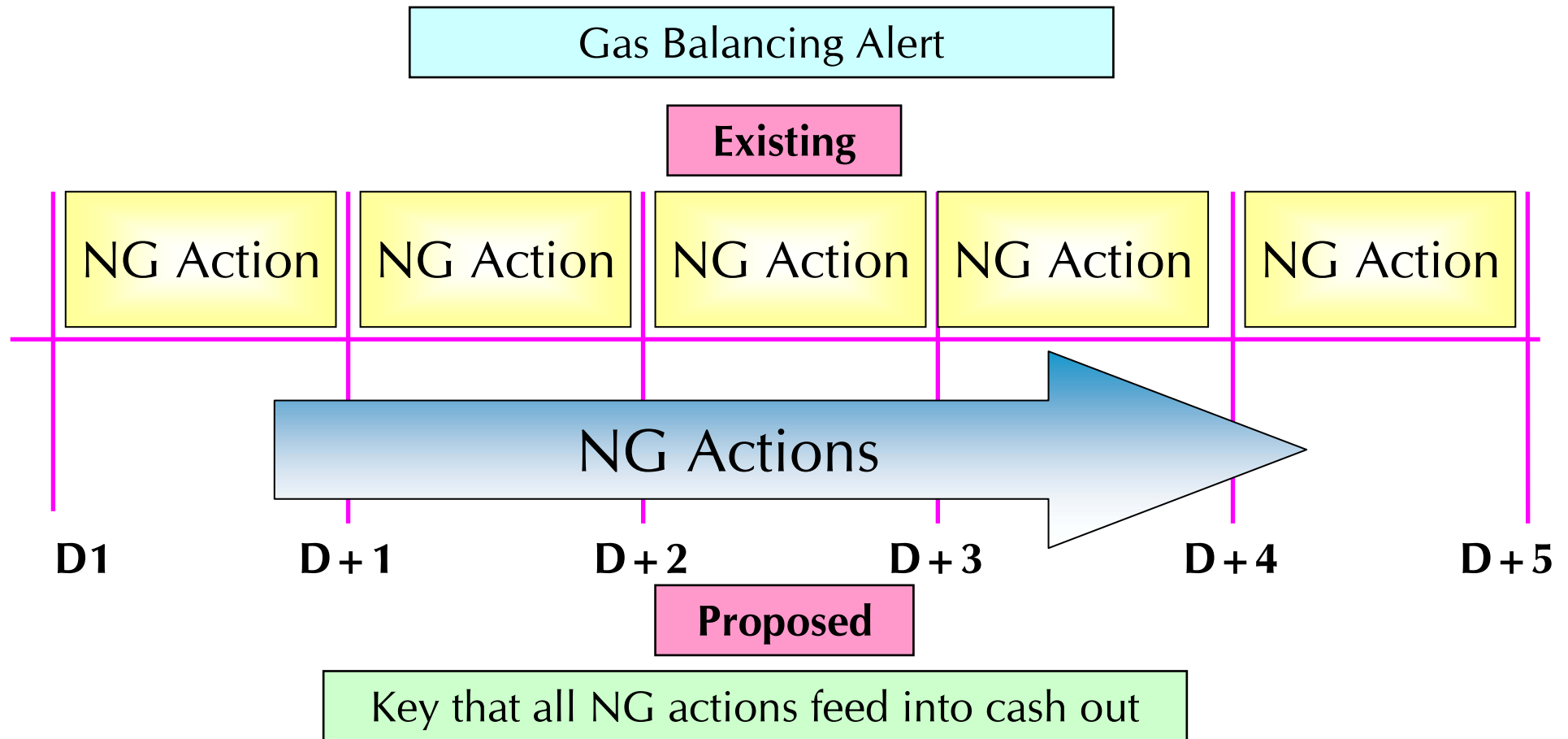
'Gas Balancing Alert'

- 2. Information resilience**

- 3. Storage Information**

- 4. Visit [www.nationalgrid.com/uk/gas/dsr](http://www.nationalgrid.com/uk/gas/dsr)  
NG Gas will provide more information  
in their presentation**

# 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?

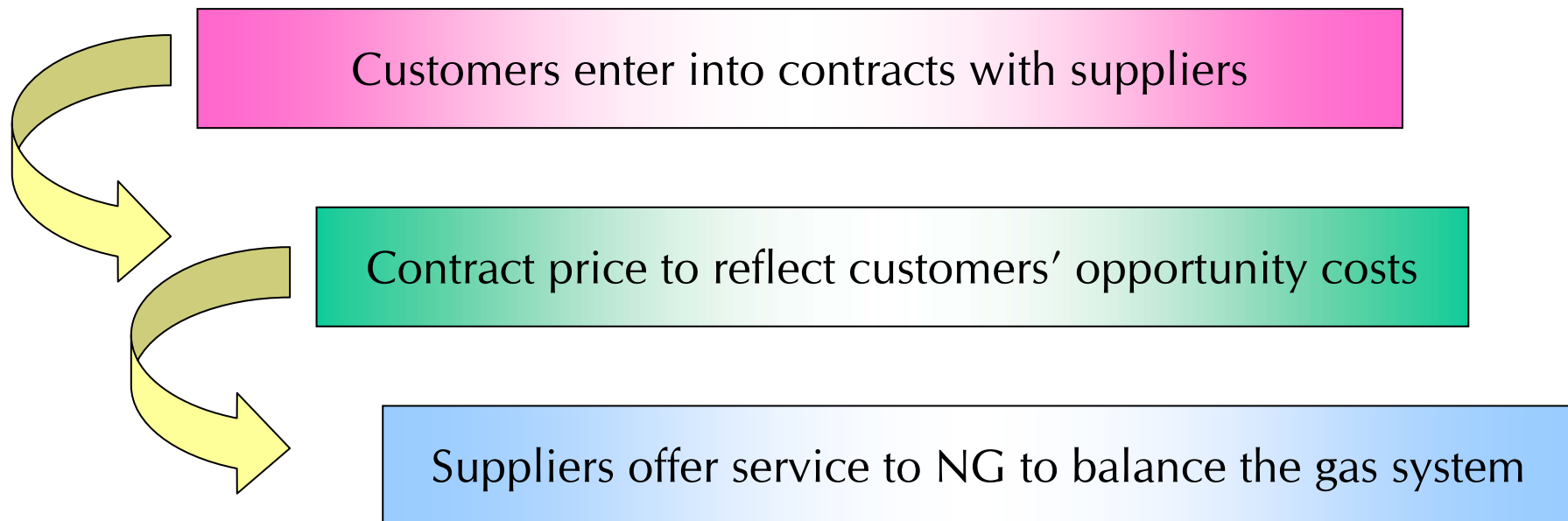
**Ofgem is working closely with EA on these issues**



# Current Modification Proposals

- NG has raised 2 modification proposals –  
UNC 0061 & 0062
- Ofgem has granted Urgent status to both
  - Ofgem decision due w/c 5 December
- Both capable of implementation for this winter

# 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

ofgem

Promoting choice and value for all  
gas and electricity customers