

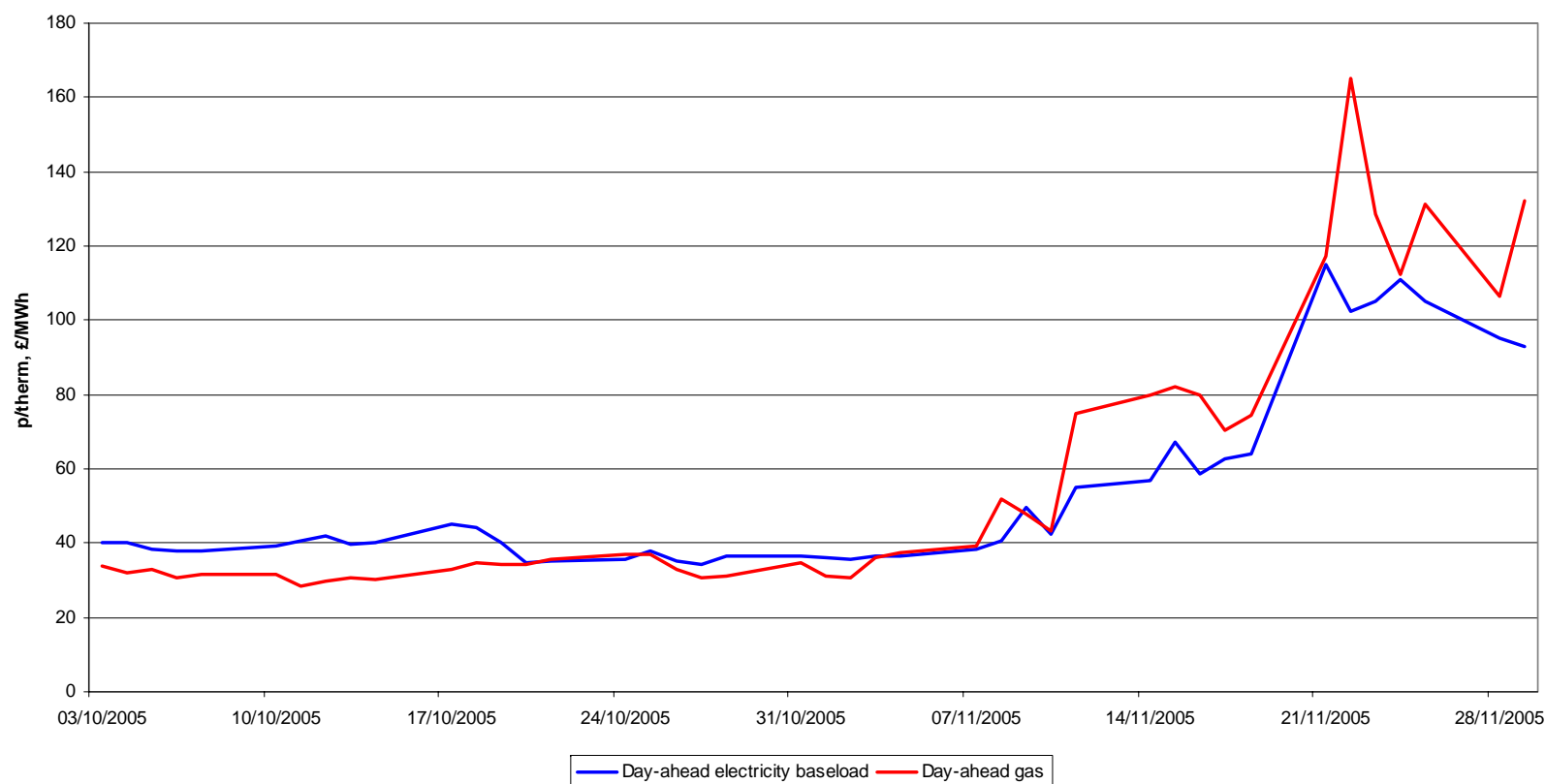
Working with customers to understand contingency arrangements

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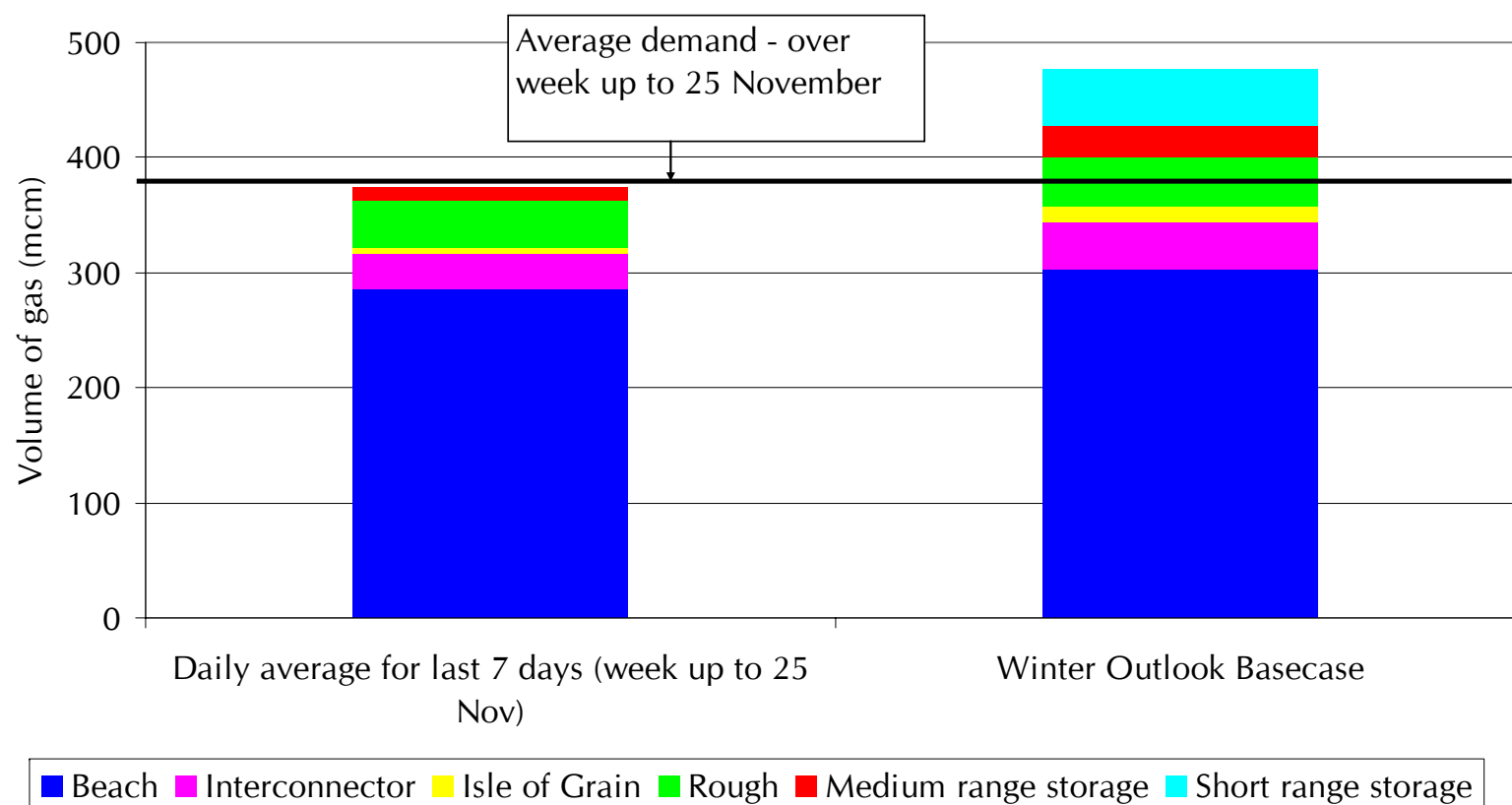
Introduction

- Winter to date
 - Work with the demand side
- Overview of current contingency arrangements

Winter prices to date



November gas supplies



What is Ofgem doing?

Written to EU Commission

- Interconnector flows – GB-Continent price differential
- Changes to other market arrangements e.g. Spain

Written to NG re Isle of Grain

- UIOLI
- Transparency

Working closely with DTI – offshore market monitoring

Written to IUK - Import capacity

Working with customers

Ofgem request NG to publish Winter Outlook Report

- Consultation in May
- Final report in October

Chair the Demand Side Working Group

- Work to remove potential barriers to demand side participation

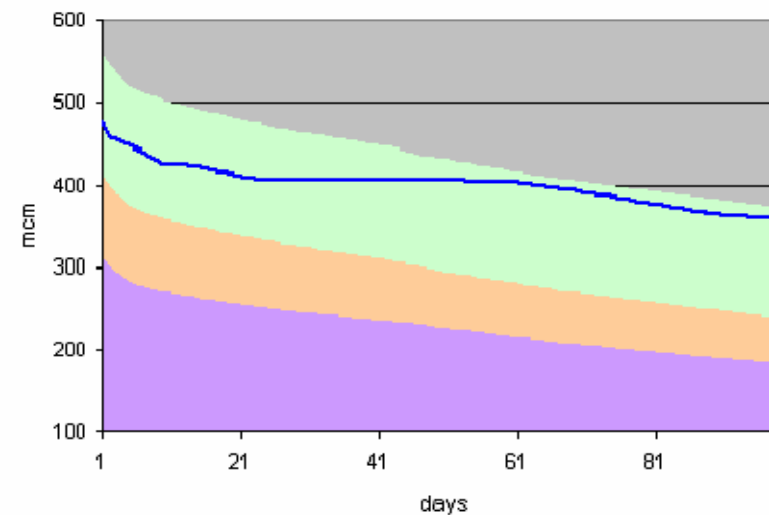
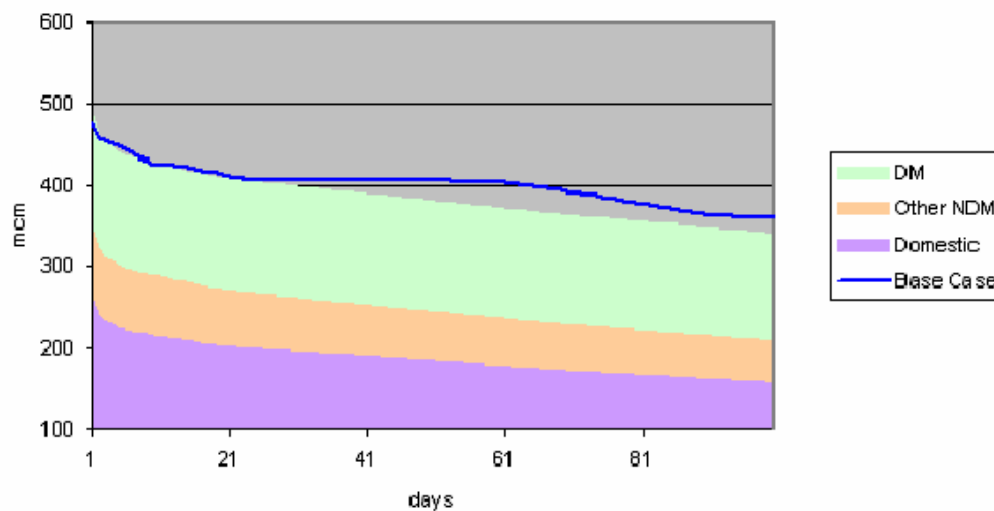
Customer seminars

- Ensuring key messages are delivered to wide customer audience

NG Winter Outlook - Gas

➤ Average winter

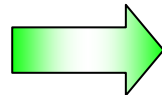
➤ Severe 1 in 50 winter



NG Winter Outlook – Gas/Electricity interaction

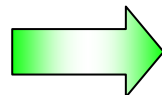
CCGT relief to gas market

In average winter
conditions...



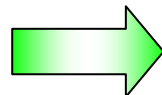
required level of 0.1bcm provided
by CCGT

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

Ofgem's work

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

➤ Information



➤ NG's role as residual balancer



- Barriers to commercial demand side response
 - OCM
 - Environmental restrictions



Making markets work...

Seeking to ensure route to market for all parties

Improved information

➤ Gas Balancing Alert (GBA)

Improved incentives on shippers

➤ code modifications

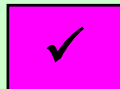
GBA – Normal market arrangements

- **NG to issue a Gas Balancing Alert (GBA)**
 - GBA triggered day ahead
 - Forecast demand \geq anticipated available supplies
 - Potential for within day option – e.g. sudden events

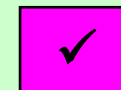
OCM



**Normal market
operation**

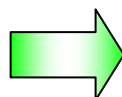


**Opportunities for customers and
suppliers to assist system
balancing**

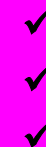


Stages of Gas emergency

Stage 1: Notice of a potential emergency



- OCM still in operation
- normal market arrangements
- opportunities for customers and suppliers



Stage 2: Declaration of emergency

Stage 3: Firm load shedding

Stage 4: Allocation of gas and network isolation

Stage 5: Restoration

Role of JRT

Joint Response Team

➤ Ofgem, DTI, HSE

Liaise with Network Emergency Coordinator (NEC)

Industry communications hub

Today

➤ Hear from
National Grid

➤ Speak to Suppliers

➤ Understand Arrangements



Promoting choice and value for all
gas and electricity customers