



Interconnector (UK) Limited

**Interconnector (UK) Limited**

56-58 Conduit Street  
London W1S 2YZ

Direct Line: + 44 (0)020 7478 8411  
Switchboard: + 44 (0)020 7478 8400  
Central Fax: +44 (0)020 7437 4069  
Email: [comish.royer@interconnector.com](mailto:comish.royer@interconnector.com)  
Website: [www.interconnector.com](http://www.interconnector.com)

17th March 2006

Sonia Brown  
Director, Wholesale Markets  
Ofgem  
9 Millbank  
London SW1P 3GE

Dear Sonia

**Impact Assessment on Publication of Near Real Time Data at UK sub-terminals  
(Modification Reference Number UNC 006)**

Interconnector (UK) Limited (“I(UK)”) welcomes the opportunity to respond to Ofgem’s consultation in respect of the proposal to publish near “real-time” information regarding gas supplies entering the NTS from the North Sea, interconnectors, storage sites and LNG terminals.

I(UK)’s comments in this response will be limited to the overall conclusions drawn by Ofgem with regard to the risks associated with the proposed modification.

**Associated Risks**

Under the proposals I(UK) will be obliged to make available near “real-time” flow information when the interconnector is in import mode - the modification does not apply to flows exported from the UK to Continental Europe through the interconnector.

There are a number of instances where publishing of near “real-time” information would appear to indicate that there were major physical problems affecting flows through the interconnector when, in fact, none exist.

For example, there are days when I(UK) batch flows gas, rather than flowing it in a continuous stream. On such days, the purchasing decisions made when the interconnector is apparently flowing at higher rates will differ from those when the interconnector is apparently not flowing at all, and it is our view that such decisions could have a de-stabilising effect on the market.

As might be expected with such large and complicated infrastructure there are examples of minor technical problems which can affect hourly flows. Such problems

are usually “caught up” within the day to no deleterious affect to our Shippers or the market. There is a real risk that what I(UK) considers a manageable, minor problem could be viewed, quite wrongly, by the market as a serious outage. In such circumstances we consider that there is a real risk of increasing price volatility.

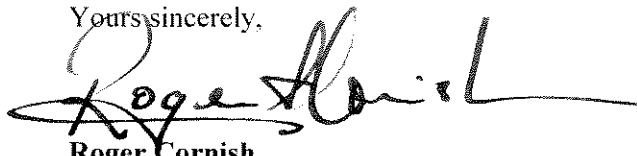
Finally, as only those sub-terminals capable of flowing more than 10 mcm/day will be subject to the modification, the data which will be presented to the market will be incomplete. This inherent weakness in the data can only be addressed by ensuring that, if the modification is to be adopted, that it applies to all sub-terminals, regardless of size.

### **Conclusion**

Whilst I(UK) is supportive of greater transparency in the information made available to the market, it believes that the information released should be accurate and not misleading. Near “real time” data will not necessarily provide an accurate picture of the aggregate flows into the system and consequently it is our view that implementation of this modification could increase rather than decrease price volatility.

Interconnector (UK) Limited does not consider this response to be confidential.

Yours sincerely,



**Roger Cornish**  
Managing Director