

Date 17 March 2006

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

*Dear Sonia,*

**Modification UNC 006: Publication of Near Real Time Data at UK sub terminals**

This is the response from the Department of Trade and Industry (DTI) in relation to Ofgem's impact assessment (IA) regarding UNC 006. We are happy for this to be published.

This is the second IA Ofgem have published on this proposal. The DTI responded to the first IA on 24 June 2005. At that time we concluded our response with the words, "the impact assessment does not convince us of the need or the desirability of this modification. We would hope that the full gains of the Voluntary Agreement can be assessed before any other changes are considered." We were therefore pleased that the Authority decided to defer a decision on UNC 006, especially as the Voluntary Agreement only became fully operational on 30 June 2005.

We appreciate the work that Ofgem have done in trying to analyse the benefits of the Voluntary Agreement but feel that the IA carries too many assumptions to make it a convincing argument in support of the proposed modification. We are not convinced that the methodology adopted in the IA correctly measures the value of additional information or is able to distinguish between the value already captured under the voluntary agreement and any additional value delivered by 006. In any case it is perhaps still too soon to be able to analyse fully the benefits of the Voluntary Agreement against which to measure the additional benefits. In producing this impact assessment Ofgem sought the views in October 2005 of selective stakeholders in assessing the Voluntary

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Agreement. Ofgem also undertook some further research gathering in January 2006. We can understand Ofgem's eagerness to deliver greater information to help the market function better, a position we fully support, but do not feel that a true assessment of the Voluntary Information agreement can be arrived at until we have been through, and assessed, a full winter. This remains consistent with the view we expressed in June 2005.

In our letter of 24 June 2005, we also asked Ofgem to consider any security of supply implications, especially with regard to Norwegian imports. However, the 2<sup>nd</sup> IA does not cover this essential issue in any detail.

— The provision of information is a vital issue if we are going to have effective markets. We want the market to utilise the information the Voluntary Agreement is now making available. It is important that we allow this to happen before further changes are implemented.

A handwritten signature in black ink, appearing to read 'Rob Lally', written over a horizontal line.

Rob Lally  
Head of Market Regulation  
Energy Markets Unit