



Ofgem Winter Outlook Seminars For Energy Buyers

28 July and 8 September

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Who are IGEM?

- Formed in 1863
- To protect the public interest in the gas industry with regards to safety and technical matters
- Royal Charter endorses IGEM role
 - To ensure technical competence
 - To provide Gas Industry Standards, Codes of Practice and Guidance Notes
 - To share Best Practice



What is the Problem?

- There is a significant risk that large industrial and commercial gas customers will be asked to turn off their gas supplies this Winter in the event that the UK has a sustained period of cold weather.
- Last Winter 50% of non-power daily-metered customers would have been switched off for over 50 days if the UK had experienced a 1 in 50 winter.
- This Winter gas supplies could be as tight if not tighter.



Why are we here ?

- IGEM is producing a guidance note (GL/9) (Drafted as G6) to advise large gas using customers how to prepare for potential gas curtailment and what to do in the event of such curtailment.
- Major companies should all have business continuity management (BCM) plans for the loss of essential services e.g. buildings, IT, etc
- These companies should now include covering the loss of their gas supply in those BCM plans.



Bad Practice

- When asked what they would do if asked to curtail their gas supplies, almost all industrial and commercial gas users would turn off their gas supply at the site isolation valve next to the meter.
- This is not unreasonable in an on-site gas emergency.
- But this has major operational and commercial implications that they may not have not considered.



Implications of Site Isolation

- If the site is isolated then the site pipework becomes depressurised over time.
- Once depressurised, the pipework will have to be retested for tightness before it can be purged back to gas and re-commissioning of the plant can be started.
- There is a high probability that the site pipework will fail its tightness test.
- It could then take several weeks to solve the problem during which time the site will have no gas.



Recommended Alternative

- Rather than isolate the whole site, the IGEM recommendation is to isolate each appliance, leaving the site pipework and meter installation live.
- This makes re-commissioning safer, easier and quicker.



Implications of Appliance Isolation

- It is a criminal offence if you do not turn off your gas supply within a reasonable time when directed by the gas transporter.
 - Individual negligence could result in jail sentences
- Large gas using customers need to be able to switch off all of their gas appliances in a very short time-frame
 - This requires trained and competent resources available 24/365
 - 24/365 site contacts for the Transporter to use
 - Provided to the Transporter by the Gas Supplier



Contingency Planning (1)

- Companies should assess the impact on their operations of having no gas supply
 - Impacts will vary from annoying to potentially catastrophic
- Companies should develop operational contingency plans
 - Alternative fuel supplies
 - Shut down plan
 - Lay off terms and conditions
 - Trade Union dialogue in advance



Contingency Planning (2)

- Companies should develop commercial contingency plans
 - If it is going to cost a company say £100k per day if it has no gas supply, then it may be possible to enter a demand side response contract for say £120k per day to cover your position and make a small return as well.
 - If companies have alternative fuel supplies and demand side contracts then they can arbitrage between the two.



Testing your plans

- **Contingency plans have to be tested**
 - Test the shut down plan
 - don't really switch the gas off but check resources, competency, timings, access, etc
 - Test the re-commissioning plan
 - Everybody will want the same competent resources at the same time
 - Are you self-sufficient?
 - Test the alternative fuel systems
 - Check they work and are maintained fit for purpose
 - Check that you can start without mains gas
 - You may need to have bottled gas as starter fuel



Immediate Advice

- An advice note for Industrial and Commercial gas customers has been produced.
- This is available on the Ofgem website and the Solihull Consultants website. (www.solihullconsultants.co.uk)
- This will be superseded by IGEM/GL/9 when it is launched on 19th October 2006



IGEM Winter Outlook Seminar

- 19 October 2006 at DTI Conference Centre, London.
- Two weeks after National Grid publish Winter Outlook Report.
- Complementary to Ofgem Seminar Programme.
- To be opened by Malcolm Wicks, Energy Minister and closed by Alistair Buchanan with a host of supporting senior speakers
- Free to IGEM members and guests of the President.
 - I hope to see you there



IGEM Membership

- If you wish to join IGEM as an individual Member or as an Industrial Affiliate company member please contact Warren Darwin (warren@igem.org.uk)



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