

The title "Review of gas emergency arrangements" is centered within a white rounded rectangle with an orange border. The background of the slide is a blue-tinted image of a gas meter and its associated pipes and valves.

# Review of gas emergency arrangements

Sonia Brown, Gas Forum - 9 November 2006

## Exercise feedback

- Recent industry exercises have tested GB energy markets emergency arrangements.
- These exercises have identified areas in particular need of urgent review:
  - Gas emergency Cash Out
  - Credit arrangements and market resilience
  - Emergency communication and command arrangements

Ofgem seeks to work with industry in exploring and developing ways of addressing these issues

## Gas emergency cash out

- Cash out price currently set at a fixed level, from the start of the emergency period
- Conditions may evolve during a prolonged emergency
  - Prices may be too high or too low
  - Import-dependent GB market must take into account relative development of other markets

Consider moving from a static cash out price to a dynamic one

# Credit arrangements under emergency

- Extraordinary price levels
  - Potential high and immediate financial impact
- Tense emergency industry atmosphere



Risk of shippers systemic default



Are credit arrangements robust?

## Emergency communication and command

- Emergency simulations have highlighted:
  - Dependency on single individuals
  - Communication channels may be vulnerable
- Is the current obligation to switch off effective?
- What is best way to ensure customers switch off in an emergency?

Are communication and command mechanisms effective and robust?

A large, central version of the ofgem logo is positioned in the middle of the slide. It features the word "ofgem" in white lowercase letters on a red rounded rectangular background. The background of the slide is a faded, blue-tinted image of electrical components, including a three-pin plug and a meter.

Promoting choice and value for all  
gas and electricity customers