

DEMAND SIDE WORKING GROUP MEETING MEETING NOTES

Venue: Ofgem, 9 Millbank, London

Date: 21 November 2006

Attendees

Chairperson: Sonia Brown(SB) Ofgem

1. Stefan Leedham (SL)	EDF Energy
2. Bob Spears (BS)	Utility Consumers Consortium
3. Sebastain Eyre(SE)	John hall Associates
4. Martin Rawlings(MR)	Energytrak
5. Paul Salvage(PS)	Energy Watch
6. Helen Bray(HB)	CIA
7. Peter Davies(PD)	BPF(British Plastics Federation)
8. Bob Brown (BB)	Cornwall Energy
9. Charles Ruffell	RWE N Power
10. Neil Dewar(ND)	APX group
11. Chris Logue	NG
12. Paul Galleger(PG)	NG
13. Jon Chadwick	Exxon Mobil
14. Shelley Rouse(SR)	Statoil
15. Alan Raper	NG
16. Dennis Rachwal(DR)	Joint office
17. Eddie Proffitt(EP)	MEUC
18. Richard Fairholme(RF)	E.ON UK
19. Hannah Cook (HC)	Ofgem
20. Anne-Marie Segbedzi (AMS)	Ofgem

1. Introduction

SB opened by apologising for the shorter time slot for the meeting stating that this was mainly due to urgent issues that needed to be discussed regarding the gas emergency arrangements and the lack of agenda items for the DSWG. She highlighted that Ofgem were reliant upon DSWG attendees to bring forward agenda items which they consider it is important to discuss.

2. Review of

a) meeting notes from last meeting 01/09/06

There were no comments on the minutes from the previous meeting of the DSWG

b) actions from DSWG meeting 01/09/06

There were no comments on the action points from the last meeting.

3. Performance of the Information Exchange (IE3 & UNC 006)- National Grid (rolling item) – Market information- Paul Gallagher, NGG

PG gave a presentation to the group regarding current available market information focussing on issues that have arisen in regard to Mod 006 data and also on the present and future position in relation to information available.

The presentation is available on the Ofgem website.

SB congratulated NG on the website improvements that they had made over the past year with respect to information availability and reliability as well as more recently with the release of near to real time flow information in compliance with modification 006. SB highlighted that taking a holistic view of the future position of data available was a good initiative however she believed this should be more leaned towards a transparency review. She acknowledged that NG has done well in terms of management focus on information issues and that the industry sees it as a great achievement. With regard to a transparency review SB mentioned that there are issues worth looking at especially in terms of determining whether the current information available is fit for purpose. SB also mentioned that current market conditions and other issues going on in the industry may raise the question of whether timing for an information review was appropriate.

EP questioned the statistics given in the presentation about the number of hits on the website. He asked if the number of hits quoted for certain website reports that were viewed less often were evenly spread among all industry participants or from the same source. He believed that it would be important to understand how important the users viewing certain reports found them as access to these may be critical for the operation of their organisation.

SB stated that there was clearly an appetite in industry for reviewing information currently available on NG's website but set out that the decision about timing lay with the industry. She suggested that although NG could produce an initial report regarding the potential review, it would be necessary to have interaction with the industry on these issues to determine what their concerns were. However, she noted that at present this may not be a priority for industry and that NG may want to look towards March next year when the industry may have more time to devote to this process.

CL noted that if the review process is started in March next year it may not be finished before next winter.

SB agreed with this comment and stated that it would therefore be necessary to get some guidance from users as to whether this review was a priority. She highlighted that NG has improved information availability and that the performance of their website has also improved. She outlined that this had been evident from the huge reduction in the number of emails she had received this year as compared with the numbers received last year complaining about the performance of NG's website. SB noted that it would be useful for NG to construct an initial report regarding these issues and then interact/receive feedback from industry as to their views in this regard.

HB noted that members of CIA have generally just raised a few issues in regard to demand forecasting and information about the Gas Interconnector. She stated

that not many of her members had raised issues specific to reviewing information available on NGs website, but that she believes this may be something to consider for next winter. HB believes that members of CIA are certainly more interested in improvements in demand forecasting for this year.

PG stated that NG and Ofgem are currently considering incentives for next year and that now may therefore be the right time to review the information. He noted that where significant changes are needed NG would be happy to deliver information as wanted but would need sufficient time to implement changes. He highlighted that NG have raised the issue of reviewing the information available as they do not want to miss out on an opportunity to improve on the website.

PD mentioned that he found the website to be very useful and that most of the information was fit for purpose however for new participants of the industry there were too many acronyms and he hopes the website is clearer in the future.

PG responded saying that NG was fully aware of the issue and hopes to move to a more sensible approach for categorisation of information.

SB agreed that this was a valid point but mentioned that the more important point for NG to pursue was in terms of making all of the right information accessible and not so much about the labelling of that information. She stated that achieving all of the right information on the website would likely involve significant interaction with the industry.

PG accepted that to form a view about areas of improvements to pursue feedback was needed from NG.

Action: NG to develop thoughts regarding the issues that could potentially be considered in a holistic review of its website and report back to DSWG.

4. UNC Mod proposal 0121: The provision of Ex-post Demand Information for all NTS Offtakes- Stefan Leedham, EDF

SL gave a presentation on the Mod proposal 121 highlighting information that would be made available, exit points that would be affected and the timing of the publication of the information.

The presentation is available on the Ofgem website.

SL outlined that all offtakes for power stations can currently be worked out if their efficiency rates are known however he noted that the amount of offtake cannot be known if power stations switch to backup fuels.

SB mentioned that the requirement under the mod maybe more onerous than the work undertaken for Mod 006 as offtakes at lower volumes would be required to provide information and pointed out that this was likely offset by data being made available on a D+1 basis.

SL mentioned that shippers at the moment have access to information on offtakes of all storage including rough and Hornsea, however he believes that after day information would be beneficial on all offtakes points as there may be concerns regarding releasing real-time data. SL questioned whether it may be more appropriate if the data was aggregated for confidential or commercial sensitivity reasons.

EP questioned the purpose of the Mod seeking to know what benefit it would be to the industry and noted that if it would reduce costs in anyway then it would be beneficial.

SL explained that the release of the information would help to understand prices in terms of providing pricing signals which could help in forming purchasing strategies. EP noted that it maybe of value if it serves as a point of reference to help make future decisions. SL also mentioned that the Mod would help individuals build up an estimate of the level of demand side response in the market.

SB explained that the release of the information could provide end-users with an understanding of the pattern of demand side response on the system. She illustrated this by explaining that if Power stations were to switch to other fuels at a price of 80p, this would show the price at which they are likely to provide demand side response and thus the price may act as a cap, easing pressure on prices as the market would understand that power stations would no longer be buying at say 90p. She explained that this may provide parties with a more informed understanding of whether to continue purchasing gas at certain prices. She outlined that the information may also assist in tracking the pattern of demand on other networks, for example NDM customers who may potentially reduce demand in response to price. She also stated that the information would help to level the playing field.

HB mentioned that feedback she has received has been from 10 offtake points who have been very vocal about the issue of aggregation, some of whom agree with aggregation while others do not. HB mentioned that the customers considered that as parties already had access to the majority of the information proposed for release they didn't see the value of this information but that they were generally happy to release the information if parties were interested in viewing it.

SL explained that while during the Winter outlook consultation process it was possible to see information regarding demand side response overall it was not possible to see the response on particular days and the release of this information would assist in this regard. However he noted that if business were going to be adversely affected by the release of information for individual offtake points EDF could consider proposing aggregation of the data.

SB stressed that customers needed to be careful about raising the need for aggregation. She noted that if they were to pursue transparency on the supply side of the market, through modification 006, but were not prepared to provide information on a non-aggregated level on the demand side then issues may arise. SB noted that at the Gas forum they had proposed a review of Mod 006 and that if aggregation were to be pushed with respect to mod 121 this may raise a need for aggregation for Mod 006 data as well.

HB noted that it had simply been difficult to get consensus from the customers that she had spoken to.

AR questioned why there was a need to break down the data currently available on an LDZ basis into individual offtake points. SL answered that this would avoid discrimination as EDF would then be proposing the release of information, on an equal basis, from all NTS offtake points.

AR stressed that the usefulness of the information was more important than discrimination.

SB noted that these questions could be asked through the consultation process to see what information was considered valuable but highlighted that she could not see what information would not be valuable. She stated that the information is currently available to shippers and not the rest of the industry and therefore explained that it would be more of an exercise of mirroring the information available to shipper to the public.

EP noted that NTS offtake points could feel discriminated against and insist that the offtake of large sites connected to DNs should also be published. SB noted that this could be resolved by setting a limit or threshold above which any sites would be required to publish this information.

SL stressed that EDF would like to know people's views on the kind of information they would like published.

HB questioned whether Connected System Exit Points (CSEPs) may present a complication for this modification. CL explained that technically all interconnectors should be classed as CSEPs.

PG noted that there would still be a disparity between supply and demand data information would continue to be made available on a different basis and this would mean that it was still not possible to make a direct comparison.

AOB

SB welcomed any other views or questions in relation to issues about the winter so far and any modifications.

PD asked whether there was any update on the Nuclear situation.

SB answered by noting that there were no further updates and that any announcements would be made on the stock exchange. She also noted that tight days may potentially be felt more in electricity than gas.