

DEMAND SIDE WORKING GROUP MEETING MEETING NOTES

Venue: Ofgem, 9 Millbank, London

Date: 19 March 2007

Attendees

Chairperson: Sonia Brown (SB) Ofgem

1. Alexandra Campbell (AC)	E.ON UK
2. Alison Meldrum (AM)	Corus
3. Anne-Marie Segbedzi (AMS)	Ofgem
4. Bob Brown (BB)	Cornwall Energy Consultants
5. Chris Logue (CL)	National Grid NTS
6. Eddie Proffitt (EP)	MEUC
7. Gareth Davies (GD)	CIA
8. John Bradley (JB)	Joint Office of Gas Transporters
9. Jo Witters (JW)	Ofgem
10. Martin Rawlings (MR)	Energytrak
11. Paul Gallagher (PG)	National Grid NTS
12. Paul Savage (PS)	energywatch
13. Sebastian Eyre (SE)	John Hall Associates
14. Stefan Leedham (SL)	EDF Energy
15. Tim Morris (TM)	Corus
16. William Bedborough (WB)	National Grid Distribution

1. Introduction

SB explained the changes in the Markets Division of Ofgem stating that the restructuring will be effective from 1 April 2007. The aim of the reorganisation is to better align Ofgem's internal structure in this division with some of the key strategic challenges facing the energy markets.

2. Review of

a) meeting notes from last meeting 27/02/07

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

b) actions from DSWG meeting 27/02/07

Electricity Market Information

SB highlighted that from her contact with industry stakeholders there is a view that a Daily Summary Report in electricity similar to what is currently available in gas would be useful. SB mentioned that given the timing of the current renegotiation of the Central Systems Contract it may be a useful opportunity for industry to voice their views now on these issues - as once the contract is in place it may be more difficult to make any major changes. GD and EP both commended

the approach of introducing a Daily Summary Page similar to gas. GD mentioned that most members of the CIA would appreciate a 'One Stop Shop' where all electricity information was readily available.

BB pointed out that real time electricity information was provided on a European basis but this was missing in GB. SB explained that such information was available in the GB but is currently allocated in a number of different places making accessibility/transparency less easy. It would therefore be appropriate to address these issues to enable the information to be presented in a user friendly manner. PG referred to agenda item 4 which he believed would meet the request SB acknowledged.

Volume of Interruptible Demand

NG provided data on the number of sites that are interruptible. This was discussed further in the context of Mod 090.

Best Practice Standards for Emergency Contact Details

SB highlighted that there had not been sufficient progress from the Gas Forum on the progress on Emergency Contact details and that this was disappointing. SL stated that although incomplete, progress had been made. JW mentioned the draft guidelines were discussed at a DTI meeting but was concerned that it had not, as yet, begun discussing matters with gas customers. She stated that the early guidelines would be a useful discussion point and would encourage circulation to members. SB pointed out that the lack of real progress was a serious issue and that the HSE and NEC were also concerned with the current situation. SB discussed that Ofgem was giving the Gas Forum the opportunity to self-regulate as an imposed regulation could be very costly to shippers. SB requested the Gas Forum to report as a matter of urgency on a timetable for resolution of this issue. Ofgem particularly wanted to see progress by the Gas Forum in terms of meaningful engagement with customer groups. AC stated that six bullet points of best practice had been developed, which she was willing to share with the meeting. SB recognised that these bullet points had been produced but restated that this had been developed in isolation from gas customers and engagement with customer groups was imperative in order to progress this successfully.

Action: *Gas Forum to engage with customers and report on a timetable for the resolution for a Best Practice Guideline for Emergency Contact Details.*

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

PG stated that recent performance had been good. SB mentioned the publication of new incentives that are designed to carry on the good progress that had been made. Next year Ofgem would be looking at an approach that would include penalties for underperformance.

4. Development of an Electricity Summary Page- Paul Gallagher, NG

PG gave a presentation on the initial view regarding developing of an electricity summary page. *This presentation is available on Ofgem's website (www.ofgem.gov.uk).*

SB mentioned that information that may be useful on such a summary page would be alerts and some of the information that currently comes across from SONAR as this information can be confusing in its current state. PG recognised this but believed this reflected evolution rather than intent. He believed it is more logical to develop BMRS as this existed; rather than develop a new summary page on National Grid website. SB recognised this but believed that National Grid should press this requirement forward through Project Isis.

EP noted that prior to the development of the Gas Summary Page, information was available across different locations on the NG website and a decision was made to pull this together to a more useful single page as an improvement. There was discussion that the same approach should be adopted for electricity. SB pointed out that the System Operator in making such a decision would want the most efficient outcome at the lowest possible cost. She encouraged customers to be engaged with NG on what would be useful as there are various reports currently available via the website that could be presented in a more user friendly way. PG asked the meeting for comments on what would be useful. SB referred to EP's request and suggested that National Grid take the lead in developing a straw man looking at a gas versus electricity comparison for consideration at the next DSWG meeting. PG indicated that the BMRS was a good source of information however SB pointed out that BMRS was equivalent to Gemini in that it is more a source for operational information. She pointed out that the information could be distilled into a form useful to customers to enable NG to gain more demand side services from customers on a regular basis.

Action: *NG to develop a straw-man on the options available for developing an Electricity Summary Page for discussion at next DSWG meeting.*

5. Gas Information Review and Website Update - Chris Logue, NG NTS

CL gave a presentation on way forward for the UNC review proposal. PG gave the second part of the presentation on the Website Update. *The presentations are available on Ofgem's website (www.ofgem.gov.uk).*

SB stated that any Review Group should look at how more data should be included rather than consider removing data available. CL recognised the principle but was also looking for improved efficiency – some reports were used very infrequently and may have only been relevant in the past. NG particularly wanted to review the Network Code Reporting Manual (NCORM). JB explained the governance behind NCORM - it was governed by the UNC Committee and could only be amended by a majority vote of that committee. It was recognised that not all representatives could vote on the committee thus all information should be brought to customer forums like the DSWG. CL highlighted that NG welcomed people's views and would want to engage as much as possible on the issue. SB expressed concerns about the principle behind the review and highlighted that there was a risk that information that was valuable to customers could be lost as part of this if the process was not carefully managed. SB suggested that the Review Group Terms of Reference should include a consultation survey. A fortnightly meeting was suggested. Customers would be asked in advance of the Review Group to indicate what changes were required.

NG suggested that instead of the current "page 1" on the website, a graphics based page would allow users to "dive into" the data they wanted. He pointed out that the aim was to strike an appropriate balance between assurance of format and flexibility in providing the data in an efficient manner. JB mentioned that the

changes have to go through a process. SB asked whether more information on congestion might also be identified as this will inform customers and influence where gas is flowing from. SB suggested a colour code system where the pipelines, in the standard graphic, for example “go red” where there was congestion on the system. SB mentioned that rather than dealing with the graphical aspects it was more important to make clear to all users where congestion was a problem on a particular day. NG agreed to take away an action to consider how congestion might be represented.

Action: *National Grid to consider how congestion on the network might be represented on the website during the upgrade.*

PS supported these concepts but energywatch wanted to ensure that there was sufficient challenge and review from the customer standpoint. EP stated that his members found the current single page format of the Daily Summary Report helpful. AM stated Corus was more concerned with the availability of the data and not the website design itself. It was agreed that NG would consider this discussion and revise its proposal accordingly.

Action: *Members of DSWG to consider the terms of reference and survey required for the UNC proposal for the Gas Information Review.*

6. Information provision: Planned Maintenance Periods in Gas- Anne-Marie Segbedzi, Ofgem

AMS gave a presentation on the current information provision under the DTI’s Information Initiative with the aim of seeking members’ views on any improvements. *This presentation is available on Ofgem’s website (www.ofgem.gov.uk).*

SB expressed that information is going to be important in light of UKCS, especially information in relation to maintenance as this may influence prices. She compared the current information provision with electricity where zonal information was available. EP stated that a terminal by terminal breakdown would be more useful than the current North/South split. He also wanted to see more information on incidents such as offshore problems. SB promised to feed this back to the DTI but would need to emphasise in these discussions that no offshore producer was present at today’s DSWG meeting.

Action – *Ofgem to feedback to DTI customers view on further disaggregating of data.*

7. Winter to date Seminar

SB outlined the agenda of the upcoming Winter to Date Seminar. She explained that it would be a combination of a review of the winter just been and a forward looking discussion regarding the winter ahead. Important issues had arisen in respect of other markets, which had been in GB’s favour this winter but should be considered as this could not be assumed to continue in the future. She gave examples, referring to BBL which has not been price responsive this winter. She also highlighted the flows at Isle of Grain as a further example of how US prices have had little impact on flows (particularly earlier in the winter). SB mentioned that NG will also discuss issues on the electricity system as part of this as well as challenges ahead. Ofgem also intends to cover some discussion on issues experienced this winter with network constraints and what this may mean for the winter ahead. EP expressed how he had found it difficult to understand why

Rough had flowed given gas prices and capacity costs and hoped that this would be discussed. SB noted that Centrica Storage would be present to answer questions regarding Rough. SB also noted that overall the experience this winter raises the need to understand why the market has not been operating as supply-demand fundamentals would suggest, and to also enable the industry to consider what may be the impact on the GB market should the tables turn over the winter ahead.

8. GBA trigger

CL stated that the trigger level is not routinely changed but is set as part of the TBE process and is only reduced if storage stocks levels decline or there are major offshore outages. However NG intends to review the trigger level and update it on a monthly basis to reflect planned maintenance work and offshore outages. SB was concerned that non-Shippers do not have the same licence obligations as in electricity so there exists an opportunity for manipulation of prices. She suggested that the trigger level should be based on solid information or may be misleading and cause prices to increase without any foundation. She also noted that the winter trigger number is consulted on in the Winter Outlook consultation process. CL recognised this possibility but stated that triggers weren't expected to have an impact in the summer. CL stated that if NG is certain that a trigger was invalid it should not ignore it. SB requested further discussions with NG on this issue. This was agreed.

Action – *Ofgem and NG to further discuss the setting of GBA triggers [Ofgem to set up meeting]*

9. UNC Mod proposal 090 ' Revised DN Interruption Arrangements'

SB referred to the Emergency Interruption implications of this approved Modification Proposal. SB asked NG to consider how it might procure more interruption at Stage 1 and involve the DNs and the NEC in these discussions.

Action: *NG to communicate to the DNs, the NEC and internally within NG Transmission a request from the DSWG to describe how emergency interruptions (be it for Transportation Constraint Emergencies or for Gas Deficit Emergencies) are likely to be affected by the implementation of UNC mod 90. Specifically each transporter to consider the implications of potentially having less interruptible volume or diversity available during stage 1 of an emergency and whether some additional services might need to be procured by transporters for any or all types of emergency.*

10. STOR

AM expressed her interest in the outcome of the discussions on STOR. NG highlighted that John Perkins would be best placed to answer any questions and took an action accordingly.

Action: *NG to report back on the timetable for the provision on information on the first round of STOR tenders.*