

**DEMAND SIDE WORKING GROUP MEETING
MEETING NOTES**

**Venue: Ofgem, 9 Millbank, London
Date: 16 July 2007**

Attendees

Chairperson: Philip Davies (PD) Ofgem

1. Andrew Wallace	Ofgem
2. Claire Rozyn	Ofgem
3. Elio Zammuto	Ofgem
4. Raihana Braimah	Ofgem
5. John Bradley	Joint Office
6. Alexandra Campbell	E.ON UK
7. Leigh Bolton	Cornwall Energy Associates
8. Lawrence King	National Grid NTS
9. John Perkins	National Grid NTS
10. John Lucas	ELEXON
11. Gareth Davies	CIA
12. Eddie Proffitt	MEUC
13. Paul Savage	Energywatch
14. Andrew Ryan	National Grid Electricity
15. Paul Auckland	National Grid Electricity
16. Tim Morris	Corus
17. Bob Spears	UCC

NB: all presentations from the DSWG can be located on the Ofgem website:

<http://www.ofgem.gov.uk/MARKETS/WHLMKTS/CUSTANDINDUSTRY/DEMSIDEWG/Pages/DemSideWG.aspx>

1. Introduction

PD opened by welcoming all those who were able to attend the meeting today.

2. Review of minutes and actions:

a) meeting notes from last meeting 11/06/07

There were no comments on the minutes.

b) actions from DSWG meeting 11/06/07

- *Ofgem to circulate the Emergency Contact Detail Guidelines to the DSWG*

The link to the Emergency Contact Details Guidelines on the Gas Forum website was circulated to the Group following the last meeting.

- *Ofgem to further consider issues about the provision of information on embedded generation*

PD noted that Ofgem had been considering this issue internally and planned to take discussions offline with National Grid (see NG action below).

- *NGG to speak to Elexon about possible comparisons of website usage.*

LK stated he would address this action as part of the agenda item on performance of the information exchange.

- *NGET to consider what information DNO's are obligated to supply to NG such that a discussion around the usefulness of this data can be had at the next DSWG.*

PA noted that he would present a slide in his later presentation setting out the planning information that DNO's are required to supply to NG. He confirmed PD's early point that Ofgem and NG would now take discussions on operational DNO data offline given the complexity and wide reach of the issues.

- *NGET to provide an update at the next DSWG on the progress of its consultation report including an update on the development of an electricity information summary page, including further thoughts on a triad warning/forecast.*

PA noted these issues would be considered in the presentation given as part of the agenda item on NG's electricity information transparency and summary page.

EP drew the Group's attention to an action point raised previously which had not yet been closed. It involved the Gas Forum reporting back to the DSWG on how customers had been included in the process of drafting the new Emergency Contact Details Guidelines recently published on the Gas Forum website. AC noted that she would contact the Gas Forum to arrange for a report to be given on this issue at the next DSWG. A member questioned whether the NEC co-ordinator had viewed the Good Practice Guidelines. JP noted that he would check this and ensure they were circulated to the correct people at NG.

Action: A representative from the Gas Forum will be asked to provide a report on the process for the drafting of the Emergency Contact Details Guidelines, specifically how customer views were fed into the process (AC)

Action: NG to ensure the relevant NEC reps at NG have viewed the Emergency Contact Details Guidelines, and that any views are fed back to both the Gas Forum and the DSWG by the next meeting (JP)

3. Performance of the Information Exchange: Website Performance and Information Incentives update – Lawrence King, National Grid

LK stated that while everything had gone well during the first quarter, an outage had occurred on the 26th June from 12 midnight until 3am, the cause of which was still being investigated.

LK also noted that the website had experienced some problems on Monday 9th June which had affected the real time 006 flow data, causing them to flat line for a 12 hour period, from 10am to 9.30pm. LK explained that NG had been carrying out some routine patching work on its control systems which had caused the

server to freeze, consequently affecting data flows. However, the severity of the problem was compounded due to NG's monitoring system having been switched off at the time meaning that the problem (the server freeze) had not been picked up immediately.

EP asked whether industry had been given any pre-warning that the update was taking place and also whether NG had observed any affect from the data error on prices. LK explained that the work being undertaken had been routine work and so no advance notice had been given to industry.

PS commented that it was the intention of NG's incentive scheme to ensure a high level of performance of its website in terms of availability and reliability of data. He questioned whether there were any sanctions in place to ensure a high reliability and availability of the 006 flow data. PA confirmed that while there was no direct financial incentive in place to ensure performance of the 006 data, there was certainly a reputation effect on NG. LK stated that since the publication of 006 flows, data availability had been high at in excess of 98 percent. He explained that the most recent problem had been classed as a major issue and was being dealt with accordingly. PA further explained that while patching was applied to IS systems routinely, this time it just went wrong. PA noted that if NG found that there was something to learn from this experience, NG would certainly update at the next meeting. They said that they would be reviewing monitoring processes for future updates.

Action: NG to provide an update to the DSWG on the website problems experienced on 09/07/07, specifically on any lessons learnt from the outage following internal investigations (PA)

PD asked the group whether they perceived a need to place a further incentive measure on NG to ensure the reliability of 006 flow data. PS was of the view that had the recent problem occurred in the control room, the outage would not have taken 11 hours to correct, as was the case on the public website. PA stated that it was regrettable that the outage had taken such an extended period to correct. PD stated that Ofgem would take away an action to have an initial look at the need and feasibility of placing some form of incentive regime on the 006 data.

Action: Ofgem to consider the need and feasibility of placing some form of incentive on the 006 flow data and report back to the DSWG on any initial thoughts.

LK confirmed that NG would send the DSWG an update on the root cause of the recent outage once the investigation was finalised (action above).

4. UNC 140 Review Group Update – John Bradley, Joint Office of Gas Transporters

Following the 140 Review Group meeting held on 9 July, JB confirmed that 2 of the 3 meetings to review data trenches had been held and agreement on these data items had been successfully achieved. He noted that the most interesting part of the recent review group meeting had revolved around a presentation given by BGT on potential new data items. JB explained that BGT had proposed publication of pressure data, in effect giving the market an indication of whether parts of the system eg Entry Points were running at full capacity or not. JB confirmed that all parties present at the meeting had taken an action to consider publication of this sort of data, including NG, who would be reviewing the commercial issues around publication of this data.

PS confirmed that the 140 Review Group process had to date been positive and transparent which was consistent with the original approach taken to the publication of 006 data. PS noted that the removal of hard copy reports was particularly positive.

AW asked whether JB could confirm the timetable. JB stated that the Review Group has been given six months and were currently half way through. However, there would likely not be any changes made to the website in time for an October 1 2007 implementation. AR asked whether there would be a need for any modification proposals during the process. JB confirmed that any changes to NCORM would need to be approved by the Uniform Network Code Committee, and that any changes proposed along the lines of BGT's presentation would require a modification proposal.

EP stated that he was looking forward to the next stage of improvements to NG's gas information exchange which was already viewed by most of the industry as being good already. He noted that improvements to make the site more user-friendly would be a major step forward. EP also stated that he had raised concerns at the 140 Review Group meeting with regard to BGT's proposals. He explained that it was difficult to understand why BGT wanted to duplicate NG's control room, and that smaller shippers could potentially be at a competitive disadvantage if they couldn't utilise the volume of the data in line with larger shippers. PD considered that the issue came down to the cost of information provision and that, generally, more information was better. EP stated that a view had to be taken on participants' ability to interpret the information. PD further noted that if information is cheap to provide, it would be difficult to argue against it.

5. STOR Update – John Perkins, National Grid

JP explained that the aim of his presentation was to provide a brief update on the recent STOR Tender Round 2, held on 22 June. He noted that non-BM units had tendered for year two for the first time, all as committed. He also noted that the Market Report would be produced by 3 August and that the next tender round would be held on 31 August. In order to participate, JP explained that any new providers would be required to sign the framework agreement.

TM expressed concern about the extensive underlying agreement, stating that those parties considering participating in the STOR tender rounds would need to have their legal teams ready early on to review the 200 pages of the text/contract on balancing responsibilities and risks. PD asked NG why the document was so long. NG explained that the doc was split between BM and non-BM responsibilities, and that the default requirements were quite comprehensive. JP explained that the framework document itself was not difficult, just lengthy. TM agreed and clarified that it was the standard Terms and Conditions that were particularly onerous. PD asked whether this was an issue that NG needed to consider given the DSWG's aim of encouraging participation from the demand side. BS indicated that it would be helpful for there to be a short summary of the underlying document. JP noted that he would double-check to see whether a summary was currently available, but in either case would prepare a note to bring to the next meeting.

Action: NG to draft a short note outlining why the STOR underlying agreement was 200 pages long, whether this was necessary and whether they may be benefit in developing a summary of this document (JP)

JB noted that a Tender Document on the Gas side had been similarly reviewed a few years ago resulting in a simple single document having been drafted. EP expressed his concern that by introducing tendering to interruptible sites in gas, further lengthy T&C documents could result. JB agreed that changes to the interruptible regime would require further thought in terms of the drafting of agreements. AR noted that he would take away an action on behalf of NGG to consider whether standard contract T&C's were acting as barriers to entry, and whether there were areas for improvement.

Action: AR to liaise with NGG and consider whether there is other documents/agreements whose standard contract T&C's could potentially be acting as a barrier to entry, and whether there are areas for improvement.

6. Electricity Information Transparency and Summary Page – Paul Auckland, National Grid

PA updated on the progress NG had made since the last DSWG in terms of electricity information transparency. He explained that NG and Elexon had delivered a quick win electricity information summary page on BMRS along with a market information area on the National Grid website. NG had also held several meetings with Elexon/Logica to develop potential options for a longer term electricity summary page, in tandem with NG's options. PG also noted that NG was continuing its informal consultation on transparency with industry which was on target for an early August publication.

BMRS Summary Page

Given the DSWG's particular interest in the electricity summary page, PA explained that there were a number of different options for implementation of an electricity summary page, from a quick win solution through to a more complex and detailed page which would include new data feeds and new graphs. He stated that the quick win solution, essentially a no cost solution, had been implemented by Elexon following the last DSWG, containing links and key information in one place.

BS noted that it would be useful to add to the current system warning information, information on whether a warning had been issued in the previous 12 months.

EP noted that customers would be unlikely to need information on system frequency. In response, BS stated that his customers would find frequency helpful as this was often the first sign that there may be a system problem. BS also noted that it would be helpful, with regard to the triad warnings, to see the time of day these would be expected.

EP was of the view that given the 13 links, a table format would be helpful.

PD questioned whether the current categories were sufficient, or whether categories such as price, volume and margin would be of more use. EP noted that he understood that this was a fill in until other options were developed and considered. PD asked the Group whether they would find information on planned and unplanned outages helpful. PA stated that the 2-14 day plant margins relative to demand would paint a clear picture of system tightness.

Electricity Information Summary Page Strawman

PA explained that NG had also developed a new version of the strawman which had been presented at the June DSWG. The new strawman had been modelled on the current gas daily summary report. The information was now displayed on a single vertical scrollable page with tables at the top and charts below, and links to data and data history. Some new information had also been incorporated e.g. on Triad warning.

BS asked whether NG would be able to publish specific information around system warnings, in particular around HRDR's i.e. who would be likely to be disconnected in the event of demand reduction. If not, BS questioned whether there was any other means (other website for example) of getting this type of critical information to customers when various stages of an emergency were certain (not necessarily at the HRDR stage, which isn't certain). NG agreed to take away an action to speak to its control room to understand how information is disseminated in an emergency situation.

Action: GET to discuss with its control room what (and how) information is communicated to customers at times of system stress, and report back to the DSWG

EP noted that the gas daily summary page published the likelihood of interruption (percent) by DN, and stated that this information was very helpful. BS noted that, assuming DN's did put information on their websites, it would be useful to see links to these on the Electricity summary page.

PS was of the view that the summary page was about enabling the demand side to respond to changes in supply, therefore the ultimate objective would be to see the full generation picture, including DN embedded generation information. PS observed that NG had so far been tasked with presentation of information currently available, but not so much with the task of ensuring the full picture was being reported.

Options for an electricity summary page

NG then set out 4 options for a daily summary page and the pro's and con's of each:

- Option 1 – Simple framed content + links page (already delivered on BMRS);
- Option 2 – Separate summaries of existing NG and BMRS content each on single pages, selective new data items based on availability (£10-£150 or £150-250K depending on level of support);
- Option 3 – Single version of Option 2 on one platform with new data feeds and framed content from the other platform (£750k for SONAR solution i.e. current level of support);
- Option 4 – New full single summary page modelled on gas daily summary page as per strawman including the new data feeds (£750K or £1.4m depending on level of support).

Elxon then set out a further 3 BMRS options:

- The 10% solution – a simple page of links and NG graphs;
- The 60% solution – an actual summary page (with graphs and summarised data) but only where the data is already available on the BMRS (cost would be a few tens of thousands);
- The 100% solution – a full solution with NG sending BMRS additional data files where required e.g. temperature, generation fuel mix (£100-250K range).

PD asked the Group whether they had any comments or feedback. EP was of the view that £2 million which was the maximum estimated development spend was not a significant cost in the scheme of things, particularly in the instance that NG is able to recover its costs. Building the best and most reliable source of information was what was important.

PA set out the next steps in the development of the daily summary page. He explained that the process for taking this forward would be an output of the consultation process. He noted that NG would particularly welcome feedback on the content of the strawman and the different potential implementation options. PA also confirmed that NG would be reporting to the Electricity Ops Forum on 1 August 2007, and also at the next DSWG, on the progress of the consultation.

Action: NG to produce a short summary (two pager) on the history of the development of the gas daily summary page.

Action: NG to continue the development of the electricity summary page options and report back on this and the informal market information consultation at the next meeting.

Triad Information

In response to an action placed on NG at the last DSWG with relation to giving further thought to Triad information that could be made available, PA presented a table showing the 3 highest daily winter demands so far, and the 3 forecasted highest for the remaining winter period. PA asked the Group whether information of this type would be helpful in allowing customers to gauge potential triad periods. The Group agreed that the information would be helpful.

DNO Obligations

In response to another action placed on NG at the June DSWG, PA set out the information that DNO's were currently obligated to supply to NG. Obligations included:

- Summated capacity of generating units (small, medium and customer power stations)
- Demand data provided by DNOs is net of the expected generation provided by embedded generation – the DNO is then obliged to provide the deduction made at a connection point for small power stations, medium power stations or customer power stations.

PA explained that this was based on planning information and that the expected generation by embedded generators was based on an annual peak figure, and was quite simplistic. PA noted that the question needing to be asked was how much does NG need to know going forward. He stated that the issue was an operational one which centred on smaller renewables which were currently not considered. He explained that NG's consultation document would consider this issue and that thoughts were welcomed. PA further noted that, internally, NG was considering whether any changes were required.

7. NDM Requirement for Daily Meter Reads (UNC 088) – Raihana Braimah, Ofgem

RB explained to the Group the intention of modification proposal 088 which was currently with Ofgem for decision. She asked the Group for its thoughts on the potential for NDM sites to submit daily meter reads.

BS noted that everyone, beginning to end, would require a major re-work of their systems as AMR developed and its use increased, and that this would likely be a slow process. BS noted that, in the meantime, there were multi-site companies', for example high street stores, that would be able to capitalise on AMR and settle on actual meter reads - Suppliers would be able to make more interesting offers and customers would be able to make greener, more efficient, energy decisions.

EP agreed with BS, but considered that modification proposal 088 was not the way to achieve this. EP stated that mod 088 would allow Shippers to play the profile game, and submit reads only in the instance they would be better off in settlement. The mod did not have a requirement to provide reads on a very frequent basis. It was important to consider a mod in terms of its benefits to energy efficiency, not benefits to trading and active market participation. PS agreed that the modification did not appear to be fit for purpose but supported the general principle.

8. AOB

- Ofgem agreed to give a presentation on the new Energy Markets Outlook (EMO) at next meeting
- TM asked PD whether there was anything to note on the recent pattern of Norwegian Flows through Langeled. PD confirmed that Ofgem, as part of its usual market monitoring activities, were following the situation, but had not drawn any conclusions at this stage.
- TM questioned whether there was any substance to an industry rumour that some form of economic test will be part of the new DN interruption regime assessment. Ofgem to confirm with Network colleagues.

Date for next Meeting: Monday 17 September from 2.15-5pm at Ofgem's Millbank Offices

Summary - July DSWG Actions

- NG to ensure the relevant NEC reps at NG have viewed the Emergency Contact Details Guidelines, and that any views are fed back to both the Gas Forum and the DSWG by the next meeting (JP)
- NG to provide an update to the DSWG on the website problems experienced on 09/07/07, specifically on any lessons learnt from the outage following internal investigations (PA)
- Ofgem to consider the need and feasibility of placing some form of incentive on the 006 flow data and report back to the DSWG on any initial thoughts (see below)
- NG to draft a short note outlining why the STOR underlying agreement was 200 pages long, whether this was necessary and whether they may be benefit in developing a summary of this document (JP)
- AR to liaise with NGG and consider whether there is other documents/agreements whose standard contract T&C's could potentially be acting as a barrier to entry, and whether there are areas for improvement (AR)
- NGET to discuss with its control room what (and how) information is communicated to customers at times of system stress, and report back to the DSWG
- A representative from the Gas Forum will provide a report on the process for the drafting of the Emergency Contact Details Guidelines, specifically how customer views were fed into the process (AC)
- NG to produce a short summary (two pager) on the history of the development of the gas daily summary page.
- NG to continue the development of the electricity summary page options and report back on this and the informal market information consultation at the next meeting;