

Gas SO Incentives from April 2010

Demand Side Working Group, 27th October 2009



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Timetable

June/July 2009	Initial Industry Consultation/Engagement
July/ August 2009	Publication of mini consultation documents
October 2009	Publication of Initial Proposals
10th November 09	Electricity Industry Event at offices in Wokingham
18th November 09	Gas Industry Event at Ofgem's offices
November 09	Ofgem to provide initial comments
December 09	Initial Proposals consultation period closes
Early 2010	Ofgem consultation on final proposals
April 2010	Scheme 'Go-Live'

National Grid would like to engage with the industry at all stages of the process

Gas Consultation Documents (Summer 2009)

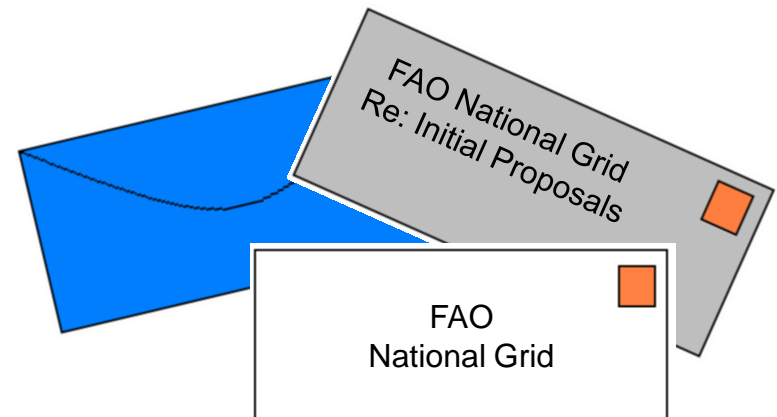
- ◆ Three consultation documents have been published this Summer 2009
 - ◆ Included information requested at July DSWG
- ◆ Formal responses received from



- ◆ These responses have helped inform our development of Initial Proposals

Initial Proposals for Gas SO Incentives

- ◆ Initial Proposals due to be published on Friday 30th October 2009. Responses requested by Friday 11th December 2009
- ◆ The consultation document invites views on the following:
 - ◆ Bundling / Unbundling;
 - ◆ Residual Balancing;
 - ◆ Demand Forecasting;
 - ◆ Operating Margins;
 - ◆ Environmental Incentives;
 - ◆ Maintenance; and
 - ◆ Data Publication



Last opportunity to express views prior
to Ofgem's Final Proposals

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Gas Industry Workshop

- ◆ We are holding a workshop to present these Initial Proposals on Wednesday 18th November 2009 at Ofgem's offices in London
- ◆ <http://www.nationalgrid.com/uk/Gas/soincentives/IndustryWork/>
- ◆ The workshop will provide an opportunity for interested parties to discuss the proposals prior to submitting their formal responses to the consultation document
- ◆ If you would like to attend this event, please confirm your attendance by Wednesday 11th November 2009 via e-mail to SOIncentives@uk.ngrid.com

Please speak to us if you would like to attend another meeting / event



Electricity Balancing Services Incentive Scheme (BSIS)

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Electricity Mini Consultation Responses

Transmission Losses, Reactive and Black Start (6 responses)

- ◆ Support for Indexation of Reactive costs to power price
- ◆ Limited support for unbundling of losses
- ◆ Limited support for longer term schemes

Energy Related Components (6 responses)

- ◆ Limited support for unbundling
- ◆ Limited support for multi years scheme
- ◆ Mixed views on development of a revised NIA methodology

Electricity Mini Consultation Responses

Constraints (6 responses)

- ◆ Limited support for unbundling
- ◆ Limited support for longer term schemes
- ◆ Limited support for scheme adjustments (indexation)

TO – SO aligned incentives (6 responses)

- ◆ Closed 16 October
- ◆ Reviewing responses

Electricity Mini Consultations - Follow Up

Multi Year Schemes

- ◆ Further details on expected benefits and costs required
- ◆ Clarity on potential operation of two year scheme required
- ◆ Risk of increased occurrence of Income Adjusting Events

Unbundled Schemes

- ◆ Transparent methodology for separation of costs of interaction components detailed in Initial Proposals Consultation
- ◆ Component targets set to drive overall reduction in costs

Development of adjustments

- ◆ Adjustment methodology must be transparent and not overly complex

Summary (electricity)

Initial Proposals Consultation due end of October

- ◆ Looking at developing a 2 year BSIS scheme
- ◆ Initial BSUoS forecast suggests costs are increasing over the next 2 years

Responses vital to determine industry opinion

- ◆ Will be considered by Ofgem in development of Final Proposals
- ◆ Responses due mid December (prior to Christmas break)

Industry event on November 10th 2009 at Wokingham

- ◆ Please send an email to soincentives@uk.ngrid.com to register your interest

Contact Information

Register to receive e-mail notifications

- ◆ soincentives@uk.ngrid.com

SO Incentives area of the National Grid website

- ◆ www.nationalgrid.com/uk/Gas/soincentives/
- ◆ www.nationalgrid.com/uk/electricity/soincentives/

Talk to us

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