

Significant Code Review Seminar



Mark Ripley
National Grid

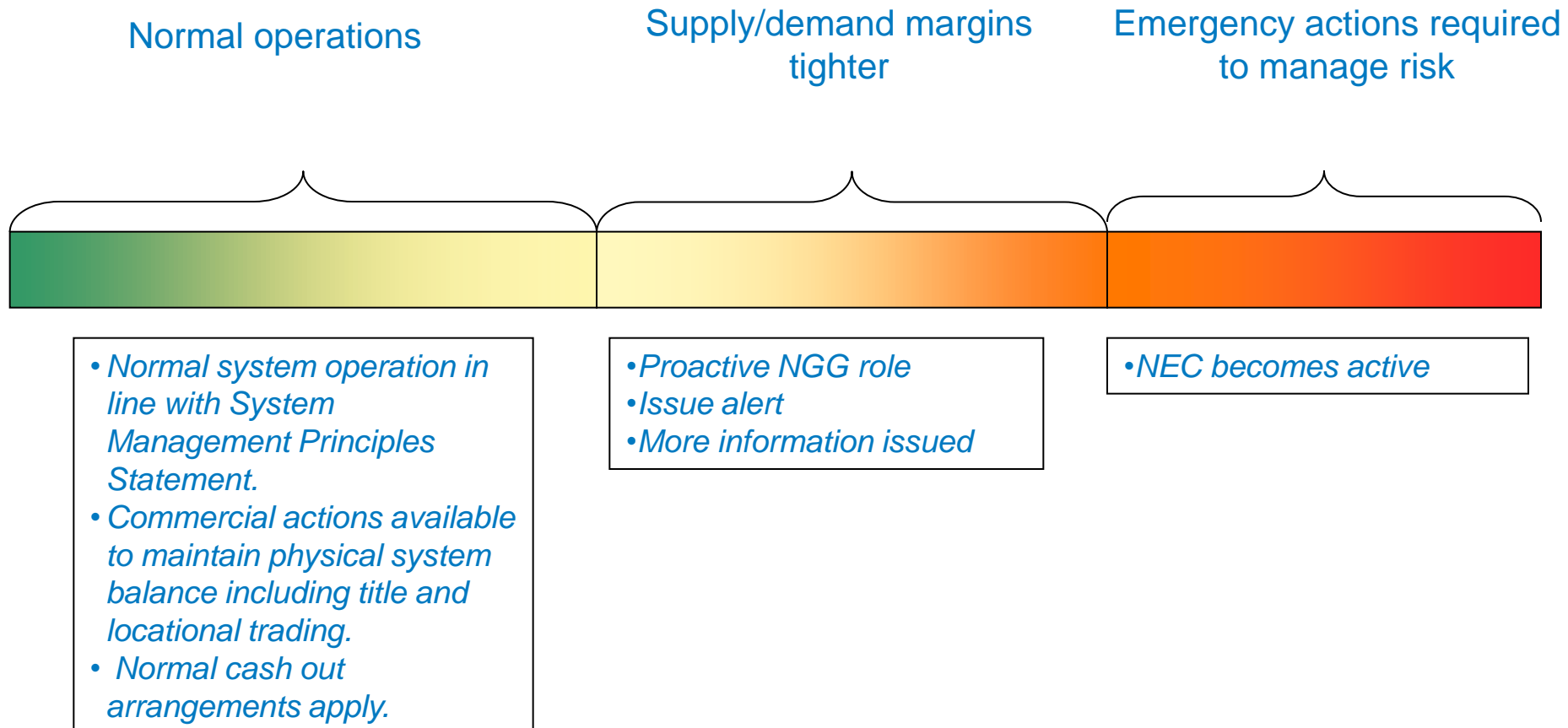
Agenda

- Recap on challenges identified at first seminar
- Reflections from workshops
- Initial thoughts
- Final thoughts

Recap from first seminar

- Focus on prevention of emergency
- Improve oversight / transparency of supply arrangements
- If emergency occurs, it is imperative that clarity of roles and responsibilities are upheld— the right people doing the right things
- Emergency Stage 2 and beyond is about timely and physical supply/demand response to effect network pressure stabilisation as fast as possible. This cannot be compromised.

States of market operation



Reflections

Prevention	Enabling demand side to signal flexibility where it exists - why don't existing mechanisms achieve this?
	Additional within day alert(s) to encourage further response?
	NGG as central buyer – not clear how this is as efficient as market players?
Improve Oversight and Transparency	Ensure the right balance between obligations and market mechanisms
	Obligations to provide relevant information on how “Security of Supply” standard is being met

Reflections

<p>Clear role & responsibilities</p>	<p>Clear identification of what “Security of Supply” Standard is in place</p>
	<p>Clear identification of what “Security of Supply” standard is required?</p>
	<p>Different types of emergency - Global commodity failure vs catastrophic infrastructure failure - Can this be adequately defined?</p>
	<p>Must have absolute clarity on roles in emergency</p>
<p>Retain or improve safety</p>	<p>Changing role of NEC (Option 1) – how can we demonstrate it is safe?</p>
	<p>Role of NGG as System Operator in emergency must be to manage network safety</p>
	<p>Compensation payments – how can these be structured to minimise perverse incentives and/or create cost for a low probability event?</p>

Initial Thoughts

Increased alert signalling (GBA 1 – 4)	√
Change in role of the NEC	X
NGG as a gas buyer	X
Dynamic cash-out	?
Lost load compensation	?
Demand side response as a preventative measure	√

Final thoughts

- Any new arrangements need to be better than before
 - Difficult to evaluate
 - Evolution rather than revolution
- Further industry engagement is essential
 - Different stakeholders have different expertise & perspective, but
 - must remember these are not normal circumstances
- Changes for Winter 11/12, whilst desirable are not essential