

GATG & ETG Response to Ofgem Security of Supply SCR

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Dear Andrew,

Thank you for the opportunity to respond to Ofgem's very timely Significant Code Review on gas security of supply.

The Energy Emergencies Executive (E3) and its Committee (E3C) are the principal fora for identifying the processes and actions necessary to prevent and handle emergencies affecting the supply of gas and/or electricity to consumers in GB. The role of the Committee, subject to direction by the Executive, is to provide the primary working interface between the UK Government, the Devolved Administrations, regulators and industry with regard to all aspects of emergency planning and emergency arrangements relating to the supply of gas and/or electricity to consumers in GB. E3C reports to E3 and is the main forum for delivering the work programme, principally through a number of task groups including the Gas Action Task Group (GATG) and Electricity Task Group (ETG). The GATG and ETG representatives are from across the gas and electricity industry including shippers/suppliers, generators and distribution network operators.

As part of the consultation Ofgem stated that views from these two key groups would be welcomed and so a joint meeting was arranged to canvas views in this area. The group was particularly supportive of any arrangements that would enable normal market operation to minimise the risk of a supply emergency, and we would greatly welcome the opportunity to discuss these in more detail with Ofgem.

In summary GATG and ETG are supportive of the high level objectives in the SCR but feel that further clarity on the options presented in the SCR is needed with respect to

- Minimising the potential risk of unintended commercial consequences exacerbating an emergency on either gas or electricity side
- Defining the level of security of supply being protected
- Defining the type of emergencies where the new arrangements would apply
- Identifying the potential impacts on current Standards of Service and compensation arrangements
- The impact on all industry participants, including gas distribution network operators

- The impact on shipper market liquidity and consequences of this on the energy industry as a whole
- The processes around the proposed emergency arrangements and the timescales involved in setting these up as well as restoration to business as usual
- Ensuring the potential risk of confusion as to roles, responsibilities and action to be taken in an emergency is minimised
- Ensuring that any new arrangements are equally or more robust than existing emergency arrangements.

We hope that you find these comments useful and look forward to further engagement with Ofgem to discuss these issues in more detail at your earliest convenience.

Yours Sincerely,

Chris Bielby

Chairman – GATG

Garth Graham

Chairman – ETG