



Gas shippers, suppliers,
transmission and distribution
companies

*Promoting choice and value for
all gas and electricity customers*

Date: 11 August 2011

Dear Sir/Madam,

Information provision pursuant to Regulation¹ (EU) No 994/2010 concerning measures to safeguard security of gas supply (the Regulation): information request on contracts

Overview

The Authority is requesting information regarding each contract for gas with suppliers from non-European Union (EU) countries with a duration of more than 1 year pursuant to Article 13 (6)(b) of the Regulation. The Authority requests that details of all relevant contracts held on 1 September 2011 be provided to Steffen Felix (steffen.felix@ofgem.gov.uk) or sent to the postal address in the footer of this letter addressed to Steffen Felix by 23 September 2011.

Background

The Regulation entered into force on 2 December 2010. The Regulation "establishes provisions aimed at safeguarding the security of gas supply by ensuring the proper and continuous functioning of the internal market in natural gas (gas), by allowing for exceptional measures to be implemented when the market can no longer deliver the required gas supplies and by providing for a clear definition and attribution of responsibilities among natural gas undertakings, the Member States and the European Union regarding both preventive action and the reaction to concrete disruptions of supply."

Article 13 (6)(b) of the Regulation requires that all gas undertakings² provide information regarding their contracts with non-EU suppliers to the relevant Competent Authority. The Department of Energy and Climate Change (DECC) is the Competent Authority in the United Kingdom for the purposes of the Regulation. In its role as the Competent Authority, DECC has requested that Ofgem collect this information from certain gas undertakings. In accordance with the requirements of the Regulation, the information will then be provided to DECC which will notify the information in aggregate to the European Commission (the Commission). Both the Competent Authority and the Commission are required under the Regulation to ensure the confidentiality of the information collected under article 13 (6)(b). Subject to the above, Ofgem will preserve the confidentiality of confidential information received pursuant to this letter.

¹ Regulation (EU) No 994/2010 of the European Parliament and of the Council of 20 October 2010 concerning measures to safeguard security of supply and repealing Council Directive 2004/67/EC

² A 'natural gas undertaking' means a natural or legal person carrying out at least one of the following functions: production, transmission, distribution, supply, purchase or storage of natural gas, including LNG, which is responsible for the commercial, technical and/or maintenance tasks related to those functions, but shall not include final customers'.

Article 13 (6)(b) of the Regulation requires that:

“for existing contracts by 3 December 2011 at the latest, as well as for new contracts or in the event of changes to existing contracts, natural gas undertakings shall notify the Competent Authorities concerned of the following details of contracts with a duration of more than 1 year concluded with suppliers from third [non-EU] countries:

- (i) contract duration;
- (ii) contracted volumes in total, on an annual basis and the average volume per month;
- (iii) in the event of an alert or emergency, contracted maximal daily volumes;
- (iv) contracted delivery points.”

Next steps

The Authority requests that details of all relevant contracts held on 1 September 2011 be provided to Steffen Felix (steffen.felix@ofgem.gov.uk) or sent to the postal address in the footer of this letter addressed to Steffen Felix **by 23 September 2011**. Volumes should be reported in millions of cubic meters. The following template can be used for each contract:

Contract 1 (Example)					
Duration	2009-2013				
Contracted volume in total (in mcm)	1000				
Contracted volume per year (in mcm)	2009 200	2010 300	2011 200	2012 200	2013 100
Contracted average volume per month (in mcm) starting September 2011 ³	Sep '11 20	Oct '11 30	...	Dec '13 15	
Contracted maximum daily volumes (in mcm)	6				
Contracted delivery points	Dragon LNG				

Article 13 (6)(b) of the Regulation imposes an obligation on all natural gas undertakings to provide this information. We recognise that some undertakings, such as distribution companies as well as suppliers without a shipping licence, are unlikely to have such contracts with other countries. However, please respond to this request for information with the relevant information, or a confirmation that you are not a party to such contracts.

The Regulation requires gas undertakings to continue notifying the Competent Authority about new contracts and changes to existing contracts. We will outline the process we intend to follow for this in a new letter. In the meantime, we would expect gas undertakings to notify us of new contracts and significant changes to existing contracts.

Finally, for the past two years the Authority has requested information on suppliers' contracted positions for winter gas supplies for the coming winter. We have decided not to collect this information this year and instead to refine the format of the winter supplies information request for future years in order to gain more meaningful and consistent responses. This work will be progressed as part of the ongoing gas security of supply Significant Code Review process.

If you have any questions please contact Steffen Felix at the email address above or on 020 7901 0505.

Yours sincerely,

Andrew Wright
Senior Partner, Markets

³ If this is not specified in the contract, kindly provide an overall monthly average, eg 25 mcm per month