

# **Gas Security of Supply Significant Code Review**

## **Business Rules Workshop**

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## Our SCR process to date

- Initial Consultation published on 11 January 2011.
- Draft Policy Decision and Draft Impact Assessment published on 8 November 2011 (along with RedpointEnergy's modelling report and London Economics' study on "Value of Lost Load").
- 33 non-confidential responses to the Draft Policy Decision and IA, published on the Ofgem website.
- Workshops and seminars held throughout the process.
- In February we outlined our intention to publish our Proposed Final Decision in summer 2012.

## Since the last workshop

- We have taken time to consider stakeholder feedback, from both formal consultation responses and workshops.
- We have taken the time to consider the implications for our SCR proposals of our other work on Gas Security of Supply (including our report to DECC).
- We have worked to refine our proposals, giving consideration as to whether any changes should be made to our Draft Policy Decision.

## The purpose of today

- Our Proposed Final Decision will be made in summer, and will include the Authority's decision on whether or not to proceed with cash-out reform and whether any changes should be made to the Draft Policy Decision.
- If Authority decided to implement cash-out reform, and decided to use the Energy Act 2011 powers, we would expect to publish draft legal text for code and licence changes alongside our Proposed Final Decision. To enable us to do this, we have worked with NGG to further develop the business rules.
- The purpose of today is to talk through these updated business rules, highlighting areas we have developed and seeking views.

## Developments to the business rules

- Making cash-out more dynamic.
- Neutrality cash flows.
- Payment timescales.
- Process for dealing with a shortfall in funds for DSR payments.
- Process for amending imbalances when NDMs curtailed.
- Treatment of commercial interruptible contracts.

## Gas Security of Supply report

- We have been considering the risks to GB security of supply.
- We have also been assessing potential further measures that could mitigate these risks.
- These two work strands have been considered alongside our work on cash-out for the SCR.
- We have agreed with Government that we will submit the Gas Security of Supply Report this Autumn. This will allow Government to consider our report as part of the wider range review of security of supply which it is aiming to publish later in the year.

## Our next steps on the Gas SCR are

- We plan to publish our Proposed Final Decision and Impact Assessment in the summer.
- If Authority decided to implement cash-out reform, and decided to use the Energy Act 2011 powers, we would expect to publish draft legal text for code and licence changes.
- Expected implementation timescales will be dependent on the Authority's Proposed Final Decision, and whether or not the Authority decides to use the Energy Act 2011 powers.
- Contact: [gb.markets@ofgem.gov.uk](mailto:gb.markets@ofgem.gov.uk)

The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

*ofgem*

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