



Pamela Taylor  
Ofgem  
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29 April 2013

Dear Pamela

### **Ofgem Open letter – Changes to the Gas Day**

Thank you for the opportunity provided by your open letter of 12 March 2013 to offer views on the impact of the change to the gas day that will be required as a result of the implementation of the legally binding EU network codes. This response is submitted on behalf of ScottishPower.

As a general comment we very much welcome Ofgem's involvement in the early stages of consideration of the implementation issues that will be faced as the various codes come into force. This will only become increasingly important, with it being vital to ensure that there is a coherent and coordinated implementation approach to the introduction of these network codes both at national and European level. Beyond that it will also be critical to ensure that there is some oversight of how all the various codes interact and an assessment of the timing implications around their implementation. In turn this would need to be supplemented by the development of robust processes to allow appropriate modifications to those arrangements where issues are identified or if it is recognised that they have resulted in sub-optimal solutions.

For those reasons we also appreciate and fully support the early work that is being undertaken by National Grid on the gas day issue and their review of the Uniform Network Code and related documentation. Their approach to that review has been phased and to this point has identified numerous gas day and related timing references within that documentation. That analysis has illustrated the scale of the exercise even prior to any examination of whether those references require to change, or other consequential implications or IT system impacts. Whilst we value that work and the progress reporting that National Grid provide on an ad hoc basis to the UNC Transmission Workgroup we do believe that some form of other bespoke industry group with appropriately focussed terms of reference should be established to help develop the "coordinated industry review" that they have initially identified as being necessary. Perhaps this could be best delivered via a dedicated UNC Workgroup that could also foster wider industry engagement.

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From our own immediate perspective we are currently undertaking a high level initial assessment of the likely impact of the gas day change across our operational and trading activities and related IT support systems. To this point this has resulted in a similar conclusion to that of National Grid in that those impacts will most likely be extensive and with complex interactions across a whole range of activities and processes, such as our operational scheduling, gas trading and related interfaces, nomination processes, gas supply contracts and metering systems. We are also mindful that the impact of this change will extend well beyond the narrow confines of the gas industry community itself such that liaison with wider industry and other trade associations such as ISDA and EFET may well be beneficial in developing common understanding and standardised agreements to ease the impact of this amendment

It will be some time before we are able to conclude a more far reaching and thorough analysis of the extent of those impacts or quantification of the costs involved in adaptation. However, to assist in those processes we would very much welcome some certainty and coordination/alignment of implementation timeframes, particularly allowing for the possible alternatives dates that may flow from the implementation of the CAM Code, which is now set as 1 November 2015, and the Balancing Code that is yet to be finalised but that could be February 2015. In particular, advance notice would provide an appropriate focus for the necessary further analysis and ideally should also provide sufficient lead time to enable adequate consideration to be given to the issues identified. This should then allow us to work with our IT support providers to optimise the scheduling of that review, produce robust solutions and implement any required system changes. That having been said the possible early introduction of the change to the gas day should not be discounted if it was identified that this would bring tangible benefits overall to the industry, subject always to the caveat that that early change could be accommodated and that the appropriate system and process infrastructure was in place.

I hope you find these comments helpful and should you wish to discuss further any of the points raised then please do not hesitate to contact me.

Yours sincerely

Gerry Hoggan  
Commercial and Trading Arrangements Manager