

## Development of Gas SO Incentives for 1 April 2012



Transmission Workgroup  
2<sup>nd</sup> June 2011

## Introduction

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- Five of the existing SO Incentive schemes are due to expire March 2012
  
- Ofgem Open Letter on Rollover of SO Incentives included:
  - Proposed one year roll over (as far as possible)
  - Ofgem initial views on scope of rollover
  - Expectation that NGG will develop initial proposals
  
- Ofgem due to publish initial consultation on options for longer term SO Incentive arrangements soon

## Rollover Incentive Schemes

<b>Scheme</b>	<b>Length of current scheme</b>	<b>Current scheme expires</b>	<b>Purpose of incentive</b>
NTS Shrinkage	3 years	31 March 2012	Minimise cost of purchasing gas & electricity for shrinkage
NTS Unaccounted for Gas	3 years	31 March 2012	Reduce volumes of unaccounted for gas
Residual Gas Balancing	2 years	31 March 2012	Minimising daily change in linepack to promote cost targeting whilst minimising the impact of its trades on the market
Demand Forecasting	2 years	31 March 2012	Minimise the error in NGG's demand forecast
Data Publication	2 years	31 March 2012	Encourage the timeliness and availability of published information

## Timeline

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- Initial Consultation – launched early July 2011
- Initial Consultation Workshop – mid July 2011
  
- Initial Proposals Consultation – launched early October 2011
  
- Ofgem Final Proposals
- Schemes effective from 1 April 2012

## Useful information

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- Ofgem Open Letter
  - <http://www.ofgem.gov.uk/MARKETS/WHLMKTS/EFFSYSTEMOPS/SYSTOPINCENT/Documents1/Open%20letter%20rolloverB.pdf>
  
- National Grid Gas System Operator Incentive Info
  - <http://www.nationalgrid.com/uk/Gas/soincentives/>
  
- Talk to us:
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