

Representation For. 0062
"Introduction of a Gas Balancing Alert"
Version 1.0

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Slant: For
Strictly Confidential: No

Abstract

Global Insight doesn't have any remit to respond to the MOD62 consultation and we haven't been involved in any of the efforts and discussions of the DSWG. However I'd like to make a brief comment in the light of our knowledge of industrial demand side response.

I am concerned that when storage stock levels in LNG storage and Medium Range Storage are above the "safety monitor+2 days" level it is much less likely that Gas Balancing Alerts will be issued. Have you considered making gas balancing alerts (or a milder form of Gas Balancing Alert) when supply excluding LNG and MRS is less than demand? This should lead to more GBAs being issued and encourage more demand side response. I note that the Winter Outlook talks about 40 or 50 days of DSR, i.e. DSR being used often than MRS and LNG. More frequent GBAs may help industry with their negotiations with the Environment Agency. However, at this moment I don't have any evidence from industry that the EA are a constraint on their ability to self-interrupt and reduce their gas demand in response to price.

Regards

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