

21 November 2005

Julian Majdanski  
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Dear Julian

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### **Uniform Network Code Modification Proposal 0062 – Introduction of a Gas Balancing Alert**

Thank you for the opportunity to respond to the above modification proposal.

Gaz de France ESS supports the implementation of this proposal.

The introduction of an alert system ahead of a potential or actual gas deficit emergency gives end users the opportunity to respond by offering their gas to the market ahead of emergency curtailment. The demand side can have a significant contribution towards maintaining a safe supply demand margin at peak winter periods and should be incentivised to participate within a suitable market framework. Gaz de France ESS supports the work done at Demand Side Working Group to initiate the Gas Balancing Alert and is keen to contribute to further market developments to aid demand side participation.

The provision of timely information is key to an efficient market and Gaz de France ESS welcomes the recent introduction of National Grid's information website. We feel this will be a useful tool for shippers and customers to understand changes in system status and also better explain factors that have influenced market prices. The introduction of the Gas Balancing Alert as part of this information package will give a clear and common trigger to demand side participants.

We support the proposer's view that introduction of the Gas Balancing Alert furthers relevant objectives A11.1a by providing demand reduction via the market to alleviate stress on the Total System and also A11.1e to protect domestic and priority customer security standards. We also feel that the definition of the Gas Balancing Alert in Code better facilitates the relevant objective A11.1d aids effective competition between shippers and suppliers by defining a uniform trigger which can be referenced in supplier to customer supply contracts.

Gaz de France ESS supports the option of including an adjustment to the trigger level related to a significant supply side event within day. It is

important that there is a signal to encourage demand side participation to compensate for supply side failure, otherwise there would be a progression straight to an emergency and any possible demand side reduction would have been missed. Contribution from demand side may be reduced within day due to a reluctance to give up gas at short notice however there is a strong incentive for interruptible customers to sell back their gas and recover costs ahead of interruption in a potential gas deficit emergency.

The Discussions at Demand Side Working Group suggested a single event of 25mcm or more would be most appropriate as this gives minimal discretion to National Grid NTS. It is important that if this option within the modification is implemented, that there is a clear audit log maintained and an after the event process for National Grid to explain its decisions to Users and customers. This could be done via the customer and/or shipper forums and should cover each instance that a GBA has been issued.

If you have any queries regarding this response please contact me on 0113 3062104.

Yours sincerely



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