

Comments in respect of
Modification 727: Publication of Near Real Time data at UK Sub-terminals

02 March 2005

The Association of Electricity Producers welcomes the opportunity to comment on this draft modification report.

The Association offers its broad support to this proposal. We consider that markets are more likely to operate efficiently when there is greater transparency of information with respect to flows at the main entry points, such that all players have access to the same information at the same time. We consider that the inclusion of the 10mcm/d threshold for information disclosure is a pragmatic step that will preserve the commercial interests of market players at small entry points without withholding information from the market that could materially affect the understanding of the supply / demand position. As efficient markets support competition this should bring competitive benefits to customers.

The Association understands that there is some concern over how the information may be interpreted and this could result on the market being overly sensitive to supply reductions. However it is our view that over time the parties involved would develop a greater understanding of the physical realities of the gas market and the benefits of this in the long term would outweigh any effects of the misreading of the information in the short term.

We also note the points in the draft report in relation to the commercial and technical issues that have already been explored in depth as part of the DTI information initiative. To this end we have some reservations if the approval of this modification were to jeopardise the release of category 1 and 2 information as already agreed or non-contractual information flows to Transco related to system operation. That said, approval of this modification would formalise the release of this information such that it would not be at risk of withdrawal from any kind of voluntary agreement in the future. In this regard we find it remarkable that Transco continues to be reliant on non-contractual information flows to balance the system since this is such a central part of it's compliance with it's licence to operate the system in an efficient manner.

We also consider that it will be important to ensure that the incremental benefits outweigh the additional costs over and above those that relate to the release of category 1 and 2 information, and it is not clear how this will be established prior to the release of category 1 and 2 information and experience of market operation with this information available to it. We are concerned that Transco considers it might be necessary to install duplicate metering in order to provide the required information and the cost and timing implications this might have. If this modification were to be approved we would expect the parties involved to be able to come to agreement over the release of information to provide this at lower cost and with a shorter lead time such that the competitive benefits might be realised at the earliest opportunity.