

TOTAL GAS & POWER LIMITED

Mr Julian Majdanski
Network Code Development
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Dear Julian

Mod Proposal 727: Publication of Near Real Time Data at UK Sub Terminals

Total Gas and Power Limited (TGP) does not support the implementation of modification proposal 727 and would appreciate the following comments being included within the final modification report.

TGP supports the objective of providing enhanced information to the wider market to support efficient market operation. We recognise, however, that the granularity of this information release must also respect the technical, legal and commercial confidentiality concerns of relevant parties and proposed improvements should expect to deliver clear and significant benefits over costs.

TGP are aware that significant effort has already been expended by Ofgem, DTI and UKOOA members as part of the DTI Information Initiative to analyse and ultimately strike, in our view, a pragmatic balance between these objectives and concerns. This view does not extend to mod proposal 727 since it is clear that significant technical and legal difficulties exist with respect to the real-time publication of information by sub-terminal.

We are particularly concerned that implementation of 727 may not only lead to inaccurate and misleading data being provided to the market but could also jeopardise the investment to date in securing the current and future voluntary agreed information release. TGP therefore struggles to understand how the proposers assertion, that it will effectively lead to more efficient market operation, will be realised in either of these two scenarios.

We note the proposer has also attempted to formulate a cost-benefit analysis to justify implementation. The assumptions used within their analysis appear to be extremely broad, in certain instances highly speculative and do not account for the concerns above i.e. the provision of inaccurate or reduced data to the market. We believe this analysis falls well short of being robust particularly since we expect that the vast majority of expected benefits associated with enhanced information release should be delivered via the DTI facilitated release of Phase III Category 1 data.



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TGP would therefore prefer the provision of upstream information currently envisaged via the DTI Information Initiative to be implemented and assessed before further change takes place.

We recognise, however, that Ofgem have recently issued a consultation related to this subject and have committed to performing a regulatory impact assessment for 727. TGP recommend this assessment accounts for the risks associated with inaccurate or potentially reduced data provision and specifically quantifies any incremental benefits associated with 727 over and above those benefits expected via the DTI Information initiative. It would be appropriate for these, if any, incremental benefits to be assessed against the costs of providing information at the level of granularity requested in 727.

Furthermore we understand the proposer suggests that availability of real time information in the gas market will lead to improved harmonisation of information provision across the gas and electricity markets. TGP believe this view to be inaccurate for the reasons that Transco outline within the draft modification report. In any event we strongly believe that harmonisation across the two markets is not an appropriate measure with which to judge efficiency improvements within the gas market. Hence we do not believe it would be appropriate to include this as a measure within Ofgem's regulatory impact assessment.

I hope you view these comments as being constructive. Should you wish to discuss the comments above in further detail, please feel free to contact me on the number below.

Yours sincerely,

(This message is sent electronically and is therefore not signed.)

Sharif Islam
Energy Regulation Manager

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