

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

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Abstract

Mr Julian Majdanski
Secretary, Modification Panel
Joint Office

21st November, 2005

Urgent Modification Proposal 0062: Introduction of a Gas Balancing Alert

Dear Julian

Thank you for inviting us to comment on this urgent modification proposal.

RWE npower offers qualified support for urgent modification proposal 0062.

We support the introduction of a Gas Balancing Alert (GBA) to provide a signal that demand reduction may be required to avoid the risk of a gas deficit emergency. Although we support the concept of a within-day GBA, there are problems with defining a suitable trigger and it is not clear that it will lead to greater demand-side response in any case. On balance, therefore, a GBA should only be at predetermined times on D-1.

We also note that as the GBA is an alert and not an instruction then there is merit in keeping the arrangements simple and unambiguous, reflecting customer requirements as discussed at the DSWG. This is particularly important where the GBA is incorporated as a trigger within supply contracts. This simplicity of approach will clarify the response expected by different market participants.

As drafted, the proposal compares forecast demand against a fixed supply quantity that may only be revised if stock levels minus storage flow notifications for the day minus two days maximum withdrawal is less than the safety monitor level. We understand that in practice NG NTS will also consider other supply-side problems that are known at D-1 and this should be reflected in the drafting.

Our support for this modification proposal is conditional upon the clarification of the trigger as described above and whether urgent modification proposal 0061 Facilitating further demand-side response in the event that a Gas Balancing Alert is triggered is implemented. The concept of the GBA was to provide a signal to end-users not a trigger for NG NTS to undertake certain actions. If it is now to be used in a wider context then its interaction with other market arrangements will need to be considered.

We hope these views are helpful and would be happy to discuss matters further.

Yours sincerely

By Email So Unsigned