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Dear Julian

0062: Introduction of a Gas Balancing Alert

Thank you for providing SGN with the opportunity to comment on the above proposal. I can confirm that SGN gives it qualified support to the modification proposal.

SGN is generally supportive of initiatives which seek to provide the market with accurate and timely information which would ensure it is better placed to respond in the most appropriate and efficient manner. Through the introduction of a Gas Balancing Alert, there will be a formal mechanism to signal to the market that demand reduction might be required. We acknowledge that this could help alleviate or minimise the risk of a Network Gas Supply Emergency. We believe this is in the interest of all parties and would better facilitate the relevant objectives and ensure the economic and efficient operation of the network. However SGN has a number of issues that we believe warrant further consideration or clarification.

The proposal states that a GBA would be issued at D-1, following the 14:00 or 02:00 forecasts for Gas Day D. We question the timeliness of this information. Firstly we question whether a GBA should be capable of being issued at any point day ahead where information is available to National Grid NTS that could be of interest to the market. We would suggest that if it appears the system is approaching a Network Gas Supply Emergency as much notice as possible should be provided to the market. We are also concerned that by potentially leaving a decision until 02:00, there could be little time for participants to respond.

The proposal states that a GBA would be issued where Forecast Total System Demand is greater than or equal to "anticipated available supplies". Clearly accuracy and reliability of information will be key. It is not clear how anticipated available supplies will be determined or what detail will be given to the market. This would benefit from some clarification.

The proposal states that a GBA will remain in place for the duration of the Gas Day regardless of subsequent notifications or changes in forecasts. We are not clear why this would be the case. This could encourage inefficient behaviour if customers and Shippers continue to take action and respond to a problem that no longer exists.

SGN is supportive of the additional option to allow a GBA to be issued within Day if an incident or event is notified which could result in an end of day loss of supply of 25mcm or above. However, it would appear from the way the proposal is worded that this would only capture a single incident. I am not sure if this was the intent but would suggest that consideration should also be given to allow a combination or series of incidents to be captured if of a similar magnitude.

We hope these comments are helpful.

Yours sincerely
Beverley Grubb
Commercial Manager
Scotia Gas Networks