

CODE MODIFICATION PROPOSAL No. 0097

"Modification to release aggregated ex-post information for pipeline interconnector offtake flows"
Version 2.0

Date: 11/09/2006

Proposed Implementation Date: 01/12/2006

Urgency: Non-Urgent

Proposer's preferred route through modification procedures and if applicable, justification for Urgency

(see the criteria at http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/2752_Urgency_Criteria.pdf)

We recommend that this proposal proceeds direct to the Consultation Phase.

Nature and Purpose of Proposal (including consequence of non implementation)

This proposal requires that the previous day's aggregate actual offtake flows for each pipeline interconnector be included on the Gemini Meter Energy List and published on the Gemini system as per the current arrangements. In addition this revised Gemini Meter Energy list (both input and offtake) data shall be published by 11.00am on the following day on NGG's website. Although exactly where the information is published on the NGG website would be at NGG's discretion it is suggested that it should be placed under the "Operational data" section. In particular it is suggested that Irish and UK-Continental interconnector historical export flows could be represented graphically. Such a graphical representation could form part of the Daily Summary Report¹ or be linked to it in some way.

It is important for shippers that interconnector offtake flows are published on the Gemini system so that they can easily download such data into their risk management and forecasting systems. Nevertheless, publication on the website should not be delayed by any system development work reasonably deemed to be necessary for implementation of the 'Gemini solution'. If necessary the publication of interconnector offtake data on the NGG website should be implemented first preferably in early Winter 06/07. Implementation of the Gemini solution would then follow as soon as is reasonably practicable.

It is important that the industry does not solely rely on a single forecast and so publicising aggregated interconnector flows after the day will provide Users with the appropriate level of information to forecast demand more accurately and as a result, reduce price volatility through enabling the market to better understand price movements, building confidence and facilitating security of supply. This is of particular importance on tight demand days as Users need to assess the system as a whole in order to make appropriate purchasing decisions.

Winter 2005/06 saw a material reduction in the level of demand, in response to the prevailing high prices. This proposal will assist Users in ascertaining what proportion of that demand is

exported through the interconnectors and consequently aid understanding of the energy outlook during the winter.

NGG have stated in their 2005 Ten Year Statement, with respect to the Irish interconnector, that ‘...any factors impacting upon existing demands, or the scale and timing of new gas-fired developments, will tend to have an effect on the accuracy of the forecast. Although growth in the Irish economy has slowed recently, it is forecast to increase over the forecast period with the rate of growth being a significant forecast sensitivity.’

Owing to the substantial forecasting sensitivities surrounding demand through the Irish interconnector, there is a clear benefit associated with publishing ex-post data for aggregated interconnector offtakes from the NTS so Users can better understand and assess system demand as a whole.

Given the importance of this information to the market we would ask that NGG and its system provider think how it can best support a low cost system solution to publish interconnector offtake data without delay. This may mean not being unduly constrained by system release dates or existing practices or demarcation with regard to the management of offtake as opposed to delivery data.

¹ Overall historical 'demand' is already shown on the Daily Summary Report and interconnector exports could be represented in a similar way. A graph splitting up overall historical demand as follows might prove useful to shippers and customers alike:

- UK gas consumed (including shrinkage)
- Irish Interconnector Exports
- UK Continental Interconnector exports
- Storage Injections

Basis upon which the Proposer considers that it will better facilitate the achievement of the Relevant Objectives, specified in Standard Special Condition A11.1 & 2 of the Gas Transporters Licence

This Proposal will better facilitate the following relevant objectives:

A11.1 (a) the efficient and economic operation of the pipeline system, through providing shippers with the appropriate level of information to enable them to better forecast demand and thus make the appropriate trading decisions to balance their portfolio, with associated physical actions, resulting in improved balance of the system as a whole.

A11.1 (c) the efficient discharge of the licensee’s obligations under their licence, with respect to security of supply through assisting shippers in better forecasting demand, enabling them to make more efficient purchasing decisions, consequently reducing price volatility and facilitating security of supply. The publication of further data on NGG’s website will assist customers in making their own assessments as to the overall balance between supply and UK demand taking into account any transit flows. This improved information transparency may enhance large customers’ willingness to offer ‘demand side’ response under tight supply conditions, which in turn should improve security of supply and under extreme circumstances reduce the chance of emergency procedures being invoked.”

A11.1 (d) the securing of effective competition (i) between relevant shippers and (ii) between relevant suppliers, though providing a level playing field where all shipper / suppliers have the same information available to them, provided through an established, consistent and transparent basis.

Any further information (Optional), likely impact on systems, processes or procedures, Proposer's view on implementation timescales and suggested text

Code Concerned, sections and paragraphs

Proposer's Representative

Peter Bolitho (E.ON UK plc)

Proposer

Peter Bolitho (E.ON UK plc)

Signature

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