



Promoting choice and value
for all gas and electricity customers

OFGEM Update - Gas Operational Forum

13th April 2011

Miles Perry

- 1) Transmission SO incentive scheme**
- 2) European Developments (3rd package)**

Transmission SO incentive scheme -

- **NGG's System Operator Activities subject to 7 incentives (Shrinkage, Unaccounted for Gas, Demand Forecasting...)**
- **Incentives implemented from 1 April 2011 for 2011/12 and 2012/13**
 - **GHG emissions from compressor venting**
 - **Operating Margins Gas**
- **New special licence condition on NGG to develop and undertake scheme of work to develop long term incentive to reduce targeted GHG emissions**

Transmission SO incentive scheme -

- **GHG emissions from compressor venting**
 - **Same target level and deadband (+/- 5%) as 2010/11**
2,857 – 3,157 tonnes
 - **Payment to (from) NGG for additional savings (emissions)**
equivalent to DECC non-traded price of carbon
currently ~£1,100 / tonne

Transmission SO incentive scheme -

- **Operating Margins**
 - **New incentive for NGG to procure OM gas at least cost**
 - **Targets: £17.32m for 11/12, £16.45m for 12/13**
 - **NGG retain (or pay) 20% of cost below (or above) target**
 - **Subject to utilisation cap (78 GWh)**
 - **And £1m profit cap / loss floor**

European Developments (3rd Package)

ACER launched 03 March

Gas Target Model project

- CEER's ongoing work to develop a Target Model for the European gas market. (what the market should look like)
- Workshops on 11 April (London) & 28 June (Brussels)

European Commission work on Congestion Management Procedures

- Consultation closed 12 April
- European Commission workshop 18 April (Brussels)

Framework Guidelines on Capacity Allocation Mechanisms

- Acer consultation closes 02 May

Balancing Framework Guidelines

- Acer consultation expected late April/early May



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Links to documents

Gas SO Incentive Scheme

<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Pages/SystOptIncent.aspx>

European Commission Workshop on Congestion Management Procedures

http://ec.europa.eu/energy/gas_electricity/events/20110418_workshop_consultation_congestion_en.htm

ERGEG Events & Consultations

http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_WORKSHOP

http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_CONSULT

ACER Consultations

http://www.acer.europa.eu/portal/page/portal/ACER_HOME/Stakeholder_involvement

Any questions?

If you have any questions please feel free to contact us anytime

by e-mail

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The background of the slide is a composite image. On the left, there are rows of solar panels under a bright sun. On the right, there are wheat stalks. In the foreground, there is a close-up of a gas burner with blue flames. The overall theme is energy and natural resources.

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