

The background features a large, stylized white arrow pointing to the right, overlaid on a blurred image of a gas meter and a gas valve. The overall color palette is light blue and white.

OFGEM Update - Gas Operational Forum

9th February 2010

Miles Perry

Gas Significant Code Review (SCR) - Background and Context

- **Project Discovery**
 - Assessment of whether market arrangements in the GB can deliver secure, sustainable energy supplies
 - Major challenges, including reliance on global gas markets
 - Key issue: security of supply is not fully priced in both gas and electricity arrangements
- **Possible remedies**
 - Reform of gas emergency cash out was a common element of all gas market options in Discovery
- **A need for additional measures?**
 - Is there a case for obligations to deliver supply security?
 - Lessons from the financial crisis
- **We are directly engaged in supporting the Government's energy markets agenda**

Gas Significant Code Review (SCR) -

- **Initial Consultation ongoing**
 - examining the case for cash-out prices to reflect market prices more closely
 - & changes to the role of National Grid and Network Emergency Coordinator
 - & compensation arrangements for customers on non-interruptible contracts
- **Submit responses by 22 February**
 - Minutes of January seminars on Ofgem website
- **Draft decision and 2nd consultation in May / June**

Transmission Gas SO incentive schemes -

- **Operating Margin & GHG Emissions**
 - National Grid's initial proposals published in November 2010
 - Ofgem developing final proposals following consideration of these initial proposals and views of respondents
 - Final proposals consultation around the end of February
 - New schemes to be implemented from April 2011, subject to consent from National Grid

European Developments (3rd Package)

Gas Balancing

- ERGEG framework guidelines in development, publication expected in Spring
- Developed by Ofgem so proposal likely to reflect UK experience

Capacity Utilisation

- Acer to launch re-consultation on framework guidelines in March

European Developments (3rd Package)

Congestion Management Procedure

- EU-level regulations to be decided by accelerated Comitology
- European Commission to submit final proposal
- Expect consultation by Commission early February

Target Model – what should the market look like in 5-10 years?

- Ofgem co-chairing ERGEG action. Vision paper by end of 2011
- Workshops this year. Feb (Bonn), April (London), Summer (Brussels)

Links to documents

Gas SCR Consultation

<http://www.ofgem.gov.uk/CustomPages/Pages/LiveConsultations.aspx>

ERGEG Gas Balancing Consultation

<http://www.ofgem.gov.uk/CustomPages/Pages/LiveConsultations.aspx>

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

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, a hand is shown holding a white document. In the bottom left corner, a blue gas burner is visible. The overall theme is energy and customer service.

ofgem

Promoting choice and value
for all gas and electricity customers