

**Ops Forum 7 February 2006**

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**Operating Margins (OM) – Request for  
Proposals**

# Operating Margins (“OM”) – Request for Proposals (RFP) Background

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- ◆ **Establish contestability in the provision of OM**
- ◆ **Now is the right time:**
  - ◆ Reduced locational need
  - ◆ Over next few years, increased supply diversity is expected with new supplies from Norway, Grain, Milford Haven, Europe, etc.
- ◆ **Seeking proposals from potential OM service providers**
- ◆ **Potential providers include**
  - ◆ Demand side - Firm load, DN Offtakes
  - ◆ Supply side - Storage, Beach flex, Importation

# Key Requirements

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- ◆ **Dedicated fast response**
  - ◆ **Reliable, auditable and proven**
- ◆ **A physical flow change**
  - ◆ **Assured, measurable and sustainable over required duration**

## **Long term contract (~10yrs +)**

- ◆ **Could be for discrete periods within contract term**
- ◆ **Contract award  $\geq$  2 yrs ahead of start date**
  - ◆ **Permits providers to carry out any required investment**

# Operating Margins – Request for Proposals (RFP) Provisional Timetable

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**Invitation published** 28th February 2006

**Deadline for Proposals** 10th May 2006

**Contract Negotiations** August 2006- April 2007

Assumes SC C3 price cap for LNG Storage is removed

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