



Promoting choice and value  
for all gas and electricity customers

# SO incentives

Alessandro Rubino

9 April 2008

## Gas SO final proposals from 1 April 2008

- Ofgem's final gas SO proposals based on the existing scheme except for:
  - Introduction of quarterly incentive for shrinkage
  - Introduction of a reference price to incentivise NGG's purchase of electricity for electric compressors
  - Modification of the Gas reserve incentive to incentivise NGG to optimise both space and utilisation costs
  - Creation of a separate information mechanism to incentivise NGG to maintain the current level of performance and to enhance the current level of service
- Consultation closes tomorrow! Responses to [gb.markets@ofgem.gov.uk](mailto:gb.markets@ofgem.gov.uk)

## Next steps

- Further work is required to establish a solid basis in order for longer term incentives to be developed.
- As with this year's process, NGG to take lead.
- Encouraging NGG to consult market participants.
- Ofgem to publish open letter on way forward by end of April.



Promoting choice and value  
for all gas and electricity customers

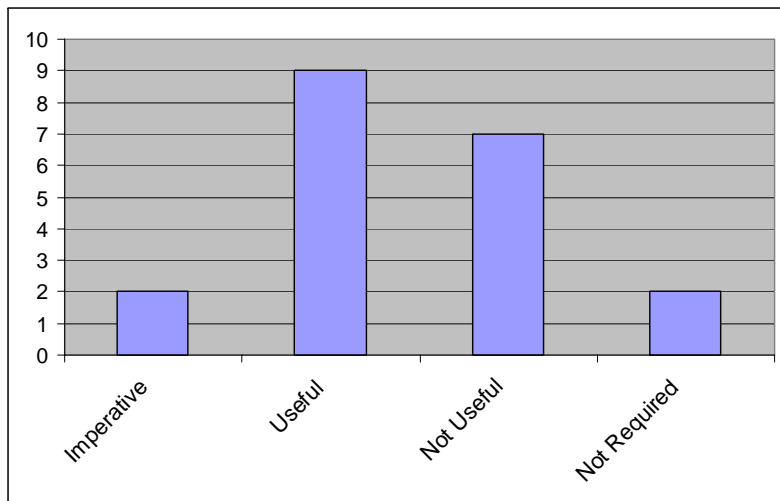
# The Gas Operational Forum Survey

Matthew Osborne

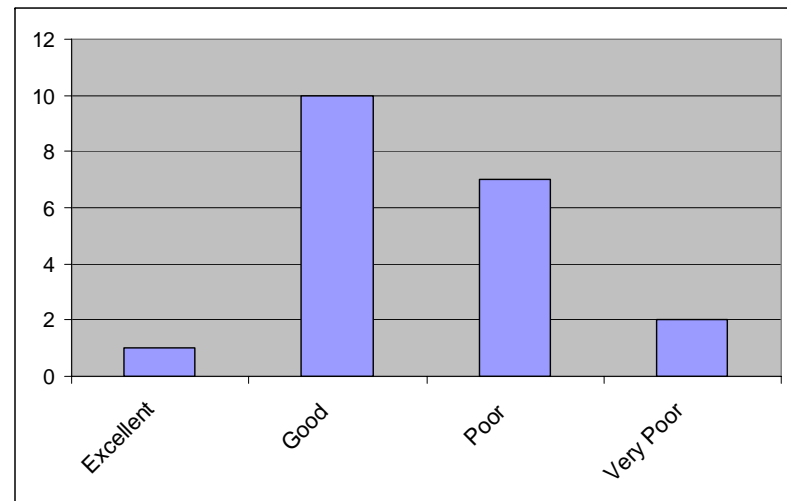
9 April 2008

## Survey Results from National Grid

Does this meet your requirements?



Is the length of time appropriate?



✘ Not aware of anything other than a “let us know if you have any issues” come up in this section. It might be nice to see Ofgem present views on perhaps the Mods that are with them for a decision or their take on industry issues.

✘ More often than not they come along and say nothing!

✓ Useful if Ofgem could provide updates on issues that they are working on that are affecting the market.

## Ofgem's response

- Ofgem welcomes the views expressed in the survey.
- We take any opportunity to interact with the market very seriously.
- We are always prepared to answer questions to the best of our ability where possible – we are very rarely asked!
- We are keen to make our service more useful and accessible to attendees – but we need to know specifically what the Forum wants Ofgem to deliver.

## Our current contribution to the Operational Forum

- We encourage feedback
  - Currently, participants don't see the forum as an opportunity to ask Ofgem questions
- Much of our work is quite sensitive
  - What we say can affect the market
  - We must be careful not to fetter our discretion
- In recent months we have been aiming to deliver more
  - Providing warning of consultations, Mod decisions, etc

## Ofgem's role going forward

- Ofgem's work is heterodox and involves specialised teams
  - Any updates we give are likely to be on an ad hoc basis rather than follow a standard format
  - It's not always possible to have an expert in all issues available all the time
- We hope to make more resources available for the Gas Operational Forum in the future
  - We aim to have specialists from more departments attend the forum to cover all issues that may arise

## What can you do?

- We can only meet the needs of attendees if we receive feedback!
  - Suggestions for what stakeholders would like to see from Ofgem should be sent to **[james.crump@ofgem.gov.uk](mailto:james.crump@ofgem.gov.uk)**
- We will publish the response at the next forum
  - Attendees can then agree how Ofgem's contribution will evolve over time.



*ofgem*

Promoting choice and value  
for all gas and electricity customers