



Promoting choice and value
for all gas and electricity customers

Ofgem Update

Gas Operational Forum

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SO Incentives - NGG consultation

- Conclusions on Operating Margins Contestability closed on 30 September
- Consultation on Shrinkage and Residual Balancing Incentive Issues closed on 19 September
- We are in the process of developing initial proposals
- For any questions related to the consultation process and SO incentive schemes in general please contact National Grid or the Ofgem SO incentive team at soincentive@ofgem.gov.uk

Offtake reform

- Ofgem had 16 respondents to our IA on enduring gas exit reform
 - located at <http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=28&refer=Networks/Trans/GasTransPolicy/offrev>
- We are considering respondent issues and intend to issue a decision before the end of November 08.

NGG NTS planning code

- Ofgem approved the Planning Code which contains a description of the main technical factors that affect the planning and development of the National Transmission Scheme (NTS) and includes a methodology to determine the physical capability of the NTS.
- Planning Code is available to view at <http://www.nationalgrid.com/uk/Gas/TYS/TPC/>
- The aim of the code is to provide greater transparency and clarity for system users, to achieve better consistency across the network, and to improve the flow of information available.

Entry capacity substitution

- September QSEC is the last scheduled prior to the introduction of substitution in April 09
- Group members are reminded that that they have the ability to propose a modification to bring the Sept 09 QSEC forward if necessary. Letter is found at
- <http://www.ofgem.gov.uk/Networks/Trans/GasTransPolicy/TTS/Documents1/080911%20The%20introduction%20of%20capacity%20substitution.pdf>

Winter Outlook Report – Summary Findings

- Basis for gas and electricity demand similar to that experienced last winter (high dependency on weather for gas)
- Lower NDM demand in line with last winter (impact of higher prices & increased efficiency)
- Gas supply uncertainties (UKCS declines; Norway – Kvitebjorn; LNG cargoes subject to global market)
- Gas demand has scope to fall (efficiency and lower LCPD impact), but still some uncertainty (impact of prices and availability of generating plant)
- Power generation subject to plant availability and LCPD
- Should be adequate generation to meet demand but subject to credible risks



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