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9<sup>th</sup> September 2006

Dear Mr Adlam,

**Re: Code Modification Proposal No. 0100 “Amendment to OPN/SFN Submission Times”**

Thank you for the opportunity to comment on this Modification Proposal

In the proposal it mentions, and I quote, “The Proposal would improve “the efficient and economic operation of the pipe-line system” (A11.1a). By enabling Transporters to provide more accurate demand forecast at an earlier stage, thus enabling the market to better plan its actions for the forthcoming day.”

Centrica Storage Limited (CSL) cannot support the proposed amendment due to the following reasons:

- CSL has reviewed historic nominations submitted before 12:00 for our Day Ahead nominations. Currently, very few if any, of our clients place their nominations before midday D-1. This is because we publish at 12:00 our day-ahead Daily Injection Adjustment Factor (DIAF) which clients are then able to place firm nominations based on this DIAF. We have also noticed some clients place nominations close to the lead time therefore it is possible to receive a nomination a few hours before the beginning of the gas day. Therefore any information that we provide to NGT at 12:00 would be inaccurate and misleading.
- CSL customers are not obliged to provide CSL with a flow forecast for 12:00 D-1 and can delay until late into the night before the gas flow day. Therefore CSL is not in a position to forecast what our clients are intending to flow at 12:00. If CSL were to use it's own judgement to forecast the nomination at 12:00 then the market would be influenced by our conjecture and could expose us to accusations of market manipulation.

Our SFN's (and other flow notifications) are currently based on information provided by users which NGT already has access to via Gemini. Provision of the DFN's at 12:00 will therefore only duplicate any information already available on Gemini.

We believe that NGT's demand forecasting incentives should focus on NDM demand, which is not subject to the accuracy and honesty of third party information. CSL is concerned that this modification will cause demand forecasts to be based on incomplete information or over use of estimation could unduly drive the market price and cause inefficiency in gas pricing. We believe that this modification will result in lower market efficiency.

We are unsure that the UNC can currently be used to cause facility operators or Users to change the times of Flow Notification submission. The current UNC is not clear which party is responsible for providing DFN's nor submission times or liabilities for connection points (other than LDZ off-takes). Implementation of this modification may rely upon NGT's ability to re-negotiate a large number of connection agreements with facility operators and Users. If the code is to be modified to include the

requirement to provide Flow Notifications on Users (which is unclear in this modification) then we believe a separate modification should be raised to make that change. These implications need to be tested against the relevant objectives.

If incentives are to be placed on NGT to provide more accurate demand forecasting then we suggest that NDM and DM demand are separated and the incentive be placed upon NGT's ability to forecast NDM demand accurately. The market could benefit from greater transparency and efficiency if DM demand were separately available and updated frequently.

Yours sincerely

Douglas Fernandes  
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