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Modification Panel Secretary
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Dear Julian,

Modification Proposal 0121: The Provision of Ex-post Demand Information for all NTS Offtakes

Thank you for providing SGN with the opportunity to comment on the above Modification Proposal. Whilst SGN is supportive of the principle behind the proposal and information transparency, we believe it is necessary to demonstrate that actions are required and proportionate and that the release of information will bring real and tangible benefit and will not be to the detriment of any individual or group. We do not believe it has been demonstrated that this particular proposal will deliver the benefits suggested or better facilities the relevant objectives.

The proposer requires the previous days total physical flows from the National Transmission System be published by individual NTS Exit Point e.g. for storage site, power station, interconnector, NTS/LDZ Offtake, by 12.00pm on the following Gas Day on National Grid's Information Exchange website. We note that information relating to NTS/LDZ offtakes is already published on Gemini. However GDNs don't generally have access to Gemini, as such the suggestion that information be published on National Grid's Information Exchange websites would help improve transparency. However SGN considers that whilst as a general principle transparency may be desirable; it should be proportionate and should ensure that real and tangible benefits can be delivered. Benefits must outweigh any potential cost or detriment to any individual or group. We do not believe there real or tangible benefits associated with providing access to such information as far as better understanding and forecasting demand is concerned. Furthermore, we believe that there are wider issues associated with market sensitivity that this proposal has not addressed.

SGN is concerned that the proposal has been justified purely on the basis that it would better facilitate relevant objectives (a) relating to the efficient and economic operation of the pipeline system and (c) the efficient discharge of the licensee's obligation under licence. It has been argued that release of such information would allow Shippers to better forecast demand and understand supply / demand dynamics. As such it is argued participants should be better placed to make more efficient purchasing decisions, reducing National Grid NTS's role as residual balancer.

It is not apparent that information regarding the previous day's offtake requirements will on its own enable Users to better understand market dynamics and better forecast demand. The previous day's offtake is unlikely to provide an accurate picture of the following day's requirements. There are many factors that would need to be taken into account and would need to be known and understood by Users to ensure such information was meaningful and was used appropriately. In fact SGN is concerned that without understanding detail behind

such information it could be extremely misleading and could have a detrimental impact on Users and the assumptions they make.

In relation to NTS/LDZ offtakes specifically, details can vary significantly day to day and by offtake as a result of numerous factors other than changes in demand. Offtakes frequently vary as a result of DN stock changes, maintenance, operational requirements. In some cases there will be no change in total flow across all offtakes but in others this may not be the case. To assume changes as a result of demand or make assumptions about the level of demand side response would be extremely difficult and could be extremely misleading. SGN does not believe such issues have been considered appropriately. We do not believe that it can be argued that such information would in any meaningful way result in improvements in the efficient or economic operation of the pipeline system or the efficient discharge of the licensee's obligations under licence. We note that no tangible evidence has been presented to back this up.

SGN also has concerns regarding the information requested potentially being commercial sensitivity, particularly in view on proposed changes to NTS Offtake arrangements and increasing scarcity of NTS flexibility capacity in some locations in the transitional period. We note that such issues have not been considered in the Modification Report. Whilst it is not proposed that detailed capacity requirements will be made available, by releasing information at offtake level for all significant offtakes and placing more emphasis on this information, Users may draw conclusions about capacity requirements and could potentially use this to their advantage under the transitional arrangements and under competitive arrangements proposed under enduring arrangements where Users are required to compete in the constrained period through pay as bid auctions for flat and flexibility capacity.

SGN notes that there is an alternative proposal to consider the release of information at an aggregated level. We believe that this may at least help address concerns regarding commercial sensitivity. SGN will provide comments on this proposal as required in due course. In the meantime we do not support implementation of Modification Proposal 0121 as it stands. We do not believe the benefits suggested are realistic and we do not believe it will better facilitate the relevant objectives as proposed.

We hope you find these comments helpful.

Yours sincerely

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