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24 November 2008

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**UNC Modification Proposal 0219 –
“Publication of UK Wholesale Gas Market Liquidity Data”**

Dear John,

Thank you for the opportunity to respond to this Modification Proposal. National Grid NTS has, over the last several years, consistently worked in conjunction with the industry to develop an efficient and effective information publication strategy. This process started in 2002 with the introduction of the Information Exchange system and culminated in the creation of an industry wide Uniform Network Code Review Group in 2007 stemming from Uniform Network Code (UNC) Review Proposal 0140 ‘Review of Information Publication on National Grid’s Information Exchange’.

The Review Group reported on its findings to the UNC Panel in October 2007 and the consensus view of the Review Group was that data presentation on the National Grid website, the mechanism that acts as the conduit for IE3 and MIPI information to reach the users, should be amended to better reflect current requirements of users in respect of information not covered by the Daily Summary Report. The Group also reached agreement on the definition and presentation of each of the individual data items displayed on the system.

To reflect these changes, the Review Group recommended that the Network Code Operations Reporting Manual (NCORM) be amended to incorporate a data dictionary approach whereby the attributes of each published data item would be described.

Following from this point National Grid developed a publication strategy based on the further development of its publication system, MIPI (Market Information Provision Initiative) whereby individual data items are made available in a user defined downloadable format as either CSV or xml files. In this way users are able to select data, download it and then manipulate the data to meet their own requirements rather than be limited to predefined report formats as has previously been the case. The National Grid strategy does however allow for a small number of reports to be generated in those instances where the information is difficult to understand or where a significant amount of detailed analysis is considered necessary to provide a defined benefit to the industry.

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Set within this context National Grid NTS is cognisant of the potential benefits to the industry of the timely publication of relevant data. However, in this instance National Grid NTS has a number of concerns about the requirements laid out in this Proposal and consequently for the reasons described below National Grid NTS **does not support implementation** of Modification Proposal 0219.

The Proposal seeks to have four specified data items published to the website by 13:00 on D+2 and although the Proposer states that this does not form part of the Proposal it is suggested that two report formats are used in the publication of the material though the Proposer also states that it is for National Grid NTS to determine how the publication and presentation of the information might best be achieved.

National Grid NTS has previously noted during UNC Workstream discussions on the 4th September 2008 that three of the four specified data items are already published and available for users to download on the National Grid website within the Data Explorer functionality. The fourth data item "Number of Traders" is currently not captured within our information systems but could be at relatively low cost, should the industry consider that the data item has value, by incorporation into the requirements of the next scheduled development phase of MIPI which it is envisaged will 'go live' in Q3/Q4 2009.

Although not forming part of the Proposal National Grid NTS has concerns about the suggested presentational formats highlighted in the Proposal. Presenting data in these formats, or any other manipulated format, does not align with the industry Review Group agreed development strategy of the MIPI publication system which has been formulated following extensive engagement with the industry via Review Group 0140, stakeholder workshops and an industry consultation exercise on the performance of National Grid's website.

This raises the possibility that other data manipulation will be requested in a variety of presentational formats which will perhaps not lend themselves to the capability of the MIPI publication platform and thereby pose a risk to the industry agreed investment strategy for MIPI.

National Grid NTS also has a number of concerns about the information that this Proposal seeks to have published and the Proposer's belief that should this information be published in the requested formats that it will go some way towards rectifying the 'misinformation' (sic) that is currently being made available to the industry. National Grid NTS concerns are founded on the nature and quality of the information being delivered to it. This information is provided by Users on a purely voluntary basis to the Gemini System which acts as a registration mechanism for trades that have been contracted either on third party trading platforms or via bilateral agreements between Users, however from the information provided by Users it is not possible to assess where any particular trade was contracted, or what the balance between bilateral trades and brokered trades is, or at what price any trade was struck.

Therefore set within the context of undertaking an assessment of market liquidity National Grid NTS considers there are significant weaknesses in this information which are perhaps not apparent to the wider audience of users who will be able to access this information and who may therefore be led to draw certain unfounded conclusions from it.

For example; notified trade amounts may relate to either individual trades made between two parties for the Gas Day i.e. gross trades, or where a number of trades have been made which are effective for the same Gas Day, the trade volume may be based on the net position of those trades. The table below provides a simple scenario where the information registered on Gemini could amount to either of the following;

- Option 1: two trades, one of 100 units and one of 50 units giving a gross traded volume of 150 units traded or.
- Option 2: a single trade of 50 units.

	Shipper A	Shipper B
Trade 1 (Buy/Sell)	100	-100
Trade 2 (Buy/Sell)	-50	50
Gross Volume Traded	150	150
Net Volume Traded	50 (Buy)	50 (Sell)

A further feature of this information is that trades are registered on the Gemini System at the level of the Shipper Licence holder i.e. by the three letter “shipper short” code. In certain circumstances substantial volumes of gas may be traded between Shipper licence entities which form part of the portfolio of a Parent Company thus potentially leading to a view that significantly greater volumes of gas are being traded on the open market than is actually the case.

Furthermore the data items showing the number of trades contracted and the number of Users executing those trades are prone to the same issues as those noted for the traded volumes.

Thus National Grid NTS has some concerns about presenting a piece of data analysis in the suggested formats that may be misconstrued by users who may not fully understand the basis of the data either through lack of knowledge or because they might not attend the Industry Forum (Operations Forum) where this information is routinely the subject of discussion and interpretation between participants and National Grid NTS representatives.

In conclusion National Grid NTS can see some merit in the publication of the sole additional data item (total number of Users) to the MIPI Phase 2 system, as it completes this suite of data, along with an appropriate description of the data item in the data dictionary; however we do not agree that the proposed presentational formats provide the benefits to the

industry ascribed to them by the Proposer and indeed we are concerned that the requirement to provide such presentational formats risks mis-interpretation of the data and is at odds with the industry agreed format for data publication aimed at the efficient development of information systems and as such would result in inefficient development, implementation and operation of these systems.

However should the Authority determine that this Proposal should be implemented National Grid NTS would be unable to implement before Q3 2009 if it were to be implemented within the existing systems and indeed would seek to have the implementation date aligned to the projected delivery date for MIPI Phase 2 in Q3/Q4 2009 as this would be the most efficient and cost effective route to delivery.

I hope you find the comments useful, please contact me if you require any further information.

Yours sincerely,

Tim Bradley