

SO Incentives from April 2010

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nationalgrid

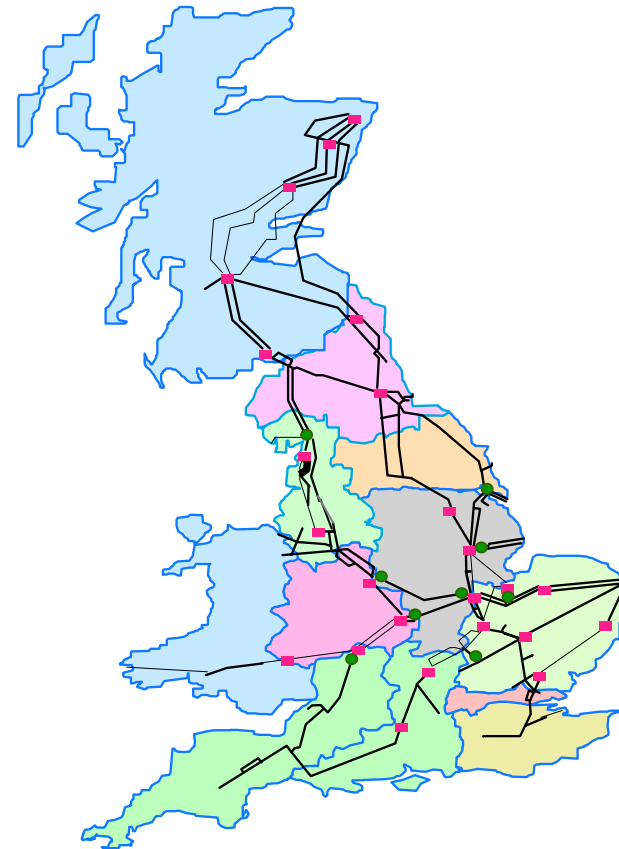
The power of action.™

Gas System Operator (SO) Incentives

National Grid operates the high pressure Gas Transmission System in Great Britain.

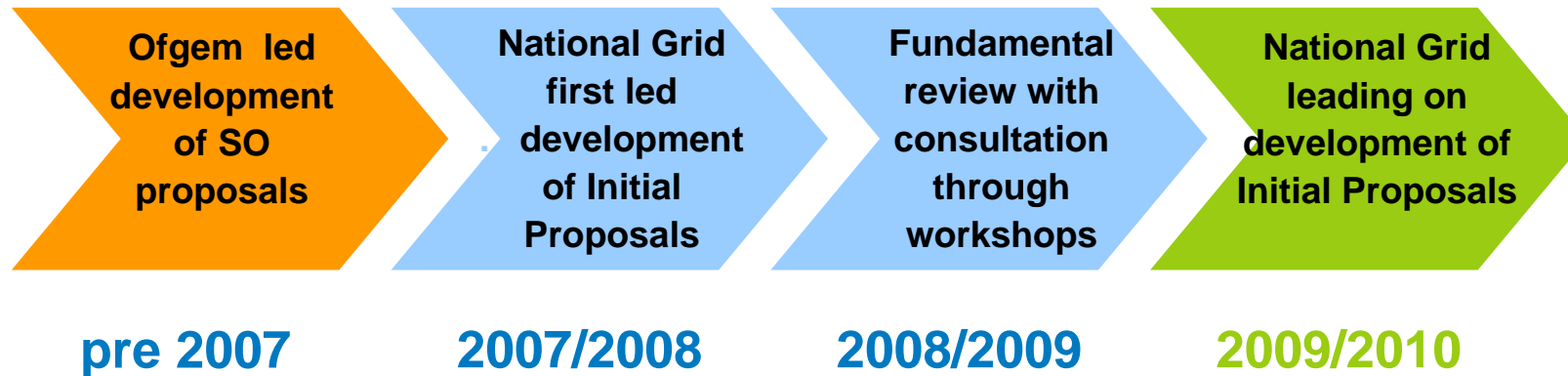
The System Operation function has financial incentives that encourage us to:

- u Minimise System Operation costs to consumers
- u Consider our impact on the environment
- u Support efficient operation of the wholesale gas market



This year's consultation covers incentives on activities involving over £100m of gas industry revenues

Development of SO Incentives



This consultation is your opportunity to voice your opinions on the incentive schemes from April 2010

Engagement this year

We are keen to hear the views from the widest possible range of interested parties

Presentations have been arranged at a several industry meetings, including

- u Major Energy Users' Council, Small Suppliers Forum, Transmission Workstream, Demand Side Working Group, Association of Electricity Producers, Gas Ops Forum

We have offered to meet bilaterally with all parties who responded to last years initial proposals consultation

If you would like us to present at another industry meeting or would like to meet bilaterally then please contact us

Key challenges for this year

Bundled vs unbundled schemes

Longer term schemes

Gas

- ◆ Explore options for new incentives around maintenance and environmental performance
- ◆ Explore possible options to re-incentivise Operating Margins
- ◆ Ensuring information on incentive performance is provided in an accessible, transparent manner

Electricity

- ◆ Develop indexation
- ◆ Handling of differential in risk profiles of the BSIS components
- ◆ Differentiating incentive periods of the BSIS components
- ◆ Implementation of Transmission Access and the SO / TO incentives
- ◆ Increased information provision

Areas for consideration

Residual Balancing

Maintenance

Environmental

Operating Margins

Demand Forecasting

Information Provision

Timetable

June/July 2009	Initial industry consultation/ engagement
July/August 2009	Publication of mini consultation documents
October 2009	Publication of initial proposals
November 2009	Industry event
November 2009	Ofgem to provide initial comments
December 2009	Initial Proposals consultation period closes
Early 2010	Ofgem consultation on final proposals
April 2010	Scheme go live

National Grid can be contacted at any time to discuss SO Incentives

How do I find out more?

Register to receive e-mail notifications

u soincentives@uk.ngrid.com

SO Incentives area of the National Grid website

u www.nationalgrid.com/uk/Gas/soincentives/

u www.nationalgrid.com/uk/electricity/soincentives/

Talk to us

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