



UNDERSTANDING WINTER GAS SUPPLY

Answers to frequently asked questions from business

In response to questions regarding winter gas supply, the Department of Trade & Industry has prepared the following information.

This is designed to clarify issues around gas contracts, interruption of industrial supply, back up fuels and managing demand reduction, fuel switching (help with environmental permits) and contingency arrangements for industrial users.

The National Grid Winter Consultation Report was published by Ofgem on 21 September 2006. It can be found at [National Grid Winter Consultation Report](#). This report presents the conclusions from a consultation process designed to help inform participants in the gas and electricity markets. The consultation process was initiated in May 2006, with an update published in July 2006.

The National Grid Report indicates that under all reasonable weather-related scenarios, supply should be able to meet daily demand. This takes into account the delivery of new importation infrastructure, including the Langeled pipeline from Norway and an expansion of the capacity of the Belgian Interconnector. It also takes account a reduction in uncertainty associated with the availability of BBL and Excelerate, although both projects continue to work to tight timescales.

Taking the supply and demand backgrounds together, the National Grid Report indicates that the gas market has the potential to be less tight during the second half of the winter than last winter, provided the level of gas through the new importation infrastructure is sufficiently close to the base case assumptions, and, of course, subject to the weather, which is the single factor having the largest impact on demand.

Cold weather increases gas demand. The Met Office winter forecast indicates near-average temperatures this winter.

It should be noted that based on the basis of scenarios presented in the National Grid Report, in a severe winter, some demand reduction could be required and would be expected from large industrial users. We believe this would most likely occur through self-interruption in response to price signals, and predominantly in the power generation sector which has the ability to switch to other fuel sources to continue to provide electricity.

As part of proper contingency and emergency planning, Government is reviewing energy emergency arrangements, consulting industry and other interested parties. We have therefore included a section on contingency arrangements for gas supply, were a situation to arise where they would be needed, as business has been interested in how these work, and contingency planning is prudent.

The DTI is grateful for the assistance of Ofgem, National Grid, and the representative bodies and trade associations they work with who have helped contribute to this pack.

Should you have any additional questions, or requests, please contact the DTI Winter Preparations Team through the details below.

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1. Clarifying the situation

1.1 Q: What is the best way of keeping up to date with the gas situation?

A: Information about the gas supply is available on the National Grid website but if you are concerned, you should ask your energy provider for their views on how the situation could impact your supply. If your company uses an energy broker rather than directly using a supplier, talk to your broker. You can get a daily update on the gas supply and demand situation from the National Grid Website:

<http://www.nationalgrid.com/uk/Gas/Data/dsr/>

Ofgem has also published the National Grid Winter Consultation Report. This reports the conclusions of a consultation exercise designed to help inform participants in the gas and electricity markets. The 06/07 Consultation Document, published by Ofgem, can be found at [National Grid Winter Consultation Report](#).

DTI's Winter Energy Supply website page has links to these and other sources on information, in one place.

1.2 Q: How will peak demand days be met during winter?

A: Last winter, supply met demand on every day. The UK gas market has several flexibilities that allow it to meet peak demand days during winter. There is some scope for production from the UK Continental Shelf to respond to increased demand, and the UK also receives imports of Norwegian gas, Liquefied Natural Gas (LNG), and gas from the continent via the UK-Belgium interconnector. Additional import infrastructure planned for this winter includes the BBL pipeline from the Netherlands, the Langeled pipeline from Norway, a new offshore LNG unloading facility at Teesside, and an expansion of the UK-Belgium interconnector. Stored gas is also used on peak demand days with gas being supplied from long-range, medium-range and short-range storage sites. The ability of storage sites to supply the market may be enhanced by the recycling of their capacity during the winter (i.e. there are both injections and withdrawals). As discussed later, there are also opportunities for customers to reduce their demand (demand-side response).

1.3 Q: What could gas in storage deliver?

A: The UK's long-range gas storage facility can deliver up to 10% of UK daily winter gas demand for a period of 74 days. This could be supplemented by delivery of gas from short and medium range storage. Short-range storage can provide up-to 12% of UK daily gas demand on peak demand days.

Centrica Storage Limited, who own and operate the Rough long-term storage facility, has indicated that it is on target to refill by end-October. Work to allow storage withdrawal to start in October is also still on-track. The latest position can be found at [Centrica Storage Limited Press Releases](#)

1.4 Q: What are the current levels of storage for this winter?

A: Levels of storage can be found on National Grid's website <http://www.nationalgrid.com/uk/Gas/Data/dsr/>.

1.5 Q: What are Met Office predictions and what does this mean for gas supply?

A: The Met Office winter forecast provided on 21 September 2006 indicates that the UK will experience near-average temperatures and an approximately equal chance of wetter or drier than average conditions for the season as a whole. The Met Office Winter Forecast can be viewed at: [Met Office Winter Forecast](#). Gas demand is extremely sensitive to temperatures, so in this context it is important for the gas market to be as flexible as possible.

The Met Office website can be viewed by clicking on Met Office Website (<http://www.metoffice.gov.uk/corporate/pressoffice/2006/pr20060710.html>).

1.6 Q: Where can I find out more information about what is happening in the gas market?

A: There is more information available about the energy market than ever before, both in terms of supply and demand.

Last winter, National Grid launched a Daily Summary Report Webpage: <http://www.nationalgrid.com/uk/Gas/Data/dsr/>

This provides a useful summary of the gas supply and demand position, including:

- demand forecast
- actual flows onto the National Transmission System vs forecast
- storage stocks and position in relation to safety monitors
- the occurrence of Gas Balancing Alerts should they be issued

To supplement this information Ofgem also organise seminars for energy buyers around the country. To find out more about these and the information presented at these, please contact Ofgem (www.ofgem.gov.uk). In addition, gas suppliers often talk to their customers to make them aware of future gas market developments and matters relating to supply of gas.

DTI will be collating sources of information on its Winter Energy webpage, which will be kept up to date throughout the winter, in consultation with industry.

2. Interruption of industrial supply

2.1 Q: How do I know if my gas supply can be interrupted?

A: This should be covered in your energy contract and your supplier should have made you aware of instances where you could have your supply interrupted. If you are unsure, contact your energy supplier in the first instance.

There are two main types of interruption which exist for **normal circumstances**:

- 1) supplier interruption: where suppliers have the right to interrupt the customer, normally in return for a discount on price and with some notice. The notice period will be specified in your energy contract. Most interruptible contracts specify that there will only be a few hours notice, unless it is specified otherwise in their contract.

If you have an interruptible contract, you have agreed to receive gas but are willing to have supply interrupted at some point, according to the reasons in the contract. It is probable you will be interrupted in accordance with the reasons specified in your contract at some point.

- 2) transporter interruption: where National Grid or your local gas transporter has to interrupt supply (this is to Interruptible contracted customers) in the event of technical difficulties with the transportation system. Again this will be covered in the customer's contract.

This is separate to other interruption rights, which exist for use only in **potential or actual emergency situations**, which are detailed below.

Some suppliers are also offering newer, innovative types of contract offering the opportunity for end users to sell gas back to the market when prices go very high and particularly when National Grid calls a Gas Balancing Alert.

2.2 Q: How much notice should my supplier generally give me?

A: The notice period will be specified in your energy contract. Most interruptible contracts specify that there will only be a few hours notice, unless it is specified otherwise in their contract. If National Grid calls interruption to manage a transportation problem, the normal notice period is 5 hours.

2.3 Q: I have an interruptible contract but how long might my supply be interrupted for?

A: This will depend on the reason your supplier is interrupting your supply. In the event that your supply is interrupted, your supplier should explain to you the factors likely to impact on how long your gas supply will be reduced for. The maximum duration of interruption, outside an emergency, will be specified in your contract.

2.4 Q: How can I find out more about the different type of contracts and the benefits of each?

A: There are many different types of contracts designed to meet different business models. Energy requirements for large business customers are typically more complicated than those for domestic users, as the volume of gas is much greater and there are many more types of contracts to consider (for example, forward price contracts, on the day purchasing, agreeing to pay average prices for the month and more). You could speak to Energywatch about the different types of contracts (Energywatch is working with the Federation of Small Businesses to help Small and Medium sized Enterprises better manage their energy needs) or ask your trade association if it has knowledge of any energy purchasing best practice for your

sector. Some companies find it useful to speak to a broker, though some prefer to talk to a number of different suppliers to compare what is on offer.

Energywatch: www.energywatch.gov.uk or call 08459 06 07 08 or e-mail to: business.enquiries@energywatch.org.uk

2.5 Q: What measures are in place to avoid an emergency?

A: The gas market has several means of balancing itself to avoid reaching an emergency situation. One key means is by the market providing an incentive for customers to reduce demand. There is more detail on this in the next chapter.

2.6 Q: Has there been a network gas supply emergency before?

A: National Grid has never had to call an emergency. However, tried and tested plans exist were one ever to arise.

2.7 Q: What would happen in a potential or actual emergency situation?

A: In the very unlikely event where supply and demand fail to balance, the Network Emergency Coordinator (NEC) declares a potential emergency. The NEC is responsible for managing gas supply and demand in the context of a potential or actual emergency and can call for the emergency interruption of gas supply. There are clear guidelines that exist for such a situation. More detail on these and contingency plans are in Chapter 5.

2.8 Q: How much notice should my supplier generally give me in an emergency?

A: In the case of a call for emergency interruption, there is no notice requirement and customers with interruptible contracts will be required to cease taking a supply of gas as soon as practicable.

2.9 Q: I have an interruptible contract but have not been interrupted before. Will I be interrupted this winter?

A: In normal circumstances this will depend on the terms of the contract. Your supplier should be talking to you about your energy needs and you should ask them the question.

In the case of emergency interruption gas users on interruptible contracts would be interrupted before any other gas users, in order to help reduce demand for gas.

There were no forcible interruptions of gas supply on the National Transmission System in the winter of 2005 - 2006.

3. Back up fuels and managing demand reduction

Some companies have explained that while they can reduce demand considerably when prices are high or maintain production by switching to back up fuels, they still need to maintain a certain level of gas to keep systems going and to let their plant safely shut down. This section deals with questions about this issue.

3.1 Q: Where can I find out about getting a back up energy source?

A: You could ask your supplier for suggestions or your trade association if you are a member of one, as they may have advice on what others in your sector are doing. The Energy Savings Trust (<http://www.est.org.uk>), Energywatch and the Energy Retailers Association may also be able to help.

3.2 Q: Can I agree to keep some gas in the event of an emergency?

A: All gas users should think carefully about what they would do in a gas emergency. While every effort is taken to ensure this does not arise, an emergency could conceivably occur. At any point a freak accident could damage a major part of the gas infrastructure and cut off supply.

Some gas users have back up systems and fuels to switch to in the event of an emergency or if commercial incentives make using an alternative fuel source preferable. Not every gas user has back up fuels, so the gas system and the procedures that exist within it are designed to minimise the risk of gas being switched off from those who don't expect it to be (those not on interruptible contracts). Appliances for commercial premises generally incorporate flame out safety devices. These allow for supplies to be quickly and safely reinstated following a cessation in gas supplies.

In the unlikely event of an emergency, the safe provision of gas to domestic users and other low volume users is the top priority of the NEC. The key objective of the contingency arrangements (which the Government has developed over the years with the electricity and gas industry and the Health and Safety Executive) is to ensure the safety of supply maintained to the domestic network. The contingency arrangements also make provision for those identified as priority gas users. These are mainly users in whose case the interruption of supply could result in risk to life. Almost all are hospitals, care homes and the emergency services.

There is also a category for industrial gas users in whose case reduction of gas supply without sufficient warning would not enable them to safely shut down their plant, without £50 million or more worth of damage to plant. In an emergency, all gas would be prioritised to domestic customers and, subject to overriding safety considerations, to priority and small volume gas users.

The DTI is currently reviewing the gas priority user arrangements and launched a public consultation on proposed improvements to the priority user process for gas in July. This can be viewed at: [Gas Priority Users Consultation](#).

If you are concerned about the possibility of interruption, in the first instance you should speak to your supplier about your energy needs and what back up plans you have in place. If you are concerned regarding any aspect of Health and Safety resulting from a loss of gas, you should speak to the Health and Safety Executive (<http://www.hse.gov.uk> or 0845 345 0055)

3.3 Q: How can I ensure I keep a small amount of my gas to keep plant running and cool down the major parts or stop damage to plant from cooling?

A: You should routinely be speaking to your supplier about your needs. Many companies on interruptible contracts have back up-fuels or can reduce production rates.

3.4 Q: What commercial means are available to me to calm supply and demand and prevent a gas emergency?

A: Some energy suppliers offer users the chance to agree in advance how much gas they would be willing to sell back to their supplier to offer to National Grid, if the gas market is very tight and close to an emergency situation.

Suppliers have been working with National Grid on commercial arrangements to promote opportunities that will reduce the risk of an emergency situation arising. The arrangements help avoid an emergency situation by reducing demand from firm customers. The arrangements provide for consumers to have the opportunity to agree in advance that they would be willing to curtail their gas use, in return for compensation for doing so (in effect they sell their gas to National Grid via their supplier who would use it to balance gas supply). Suppliers believe this makes commercial sense as the arrangement would only kick in when there was a real threat of an emergency situation necessitating firm users to have their gas supply switched off. If firm users were interrupted in an emergency they would not be compensated.

Talk to your supplier to find out more about whether they offer the opportunity for you to sell back your gas. It is for customers to agree with suppliers the rate for selling back.

Demand reduction

3.5 Q: What type of energy intensive users will contribute to the demand reduction this winter?

A: Last winter we saw considerable demand side response from both gas-fired power stations and, to a much smaller extent in terms of volumes of gas, from manufacturers who used large volumes of gas to produce their products. These users account for the two main categories of intensive industrial energy users who are most likely to reduce their demand in response to the gas price rising sharply due to cold weather. Some large sites in these industries have back-up fuel available. These contracts are commercially sensitive and it is a matter for companies to discuss with their energy supplier.

4. Fuel Switching (help with environmental permits)

4.1 Q: Are there enough alternative energy sources for those who switch from gas?

A: You should speak to the supplier of the alternative energy source you use. You could also speak to your trade association (if you belong to one) as they may have considered the issue with others from your sector.

Back up fuels remain generally in good supply but there are some pressures on supply due to transportation constraints. The Buncefield incident has slightly increased transportation pressures as some road tankers now need to cover greater distances to collect fuel from different depots around the country. The DTI continues to carefully monitor the supply of such fuels.

DTI officials are in regular contact with operators in the UK oil industry to monitor market developments and to help ensure that they are best able to meet increased demand for petroleum products during the winter.

4.2 Q: I would like to use alternatives to gas but am worried about breaking my environmental permit?

A: The Government is keen to facilitate reductions in pressure on gas demand this winter, including through enabling large users of gas who have the capability to switch to alternative fuels to do so. However, this must clearly be subject to consideration of the environmental impacts of such action. Last winter as a special case the Environment Agency allowed fuel switching over and above the terms specified in individual sites' environmental permits. If you expect to require such flexibility again, you should *as soon as possible* seek to ensure that your environmental permit includes sufficient flexibility to enable fuel switching, discussing with the Environment Agency or Scottish Environmental Protection Agency as necessary.

4.3 Q: What about increases in carbon emissions because of fuel switching and the EU Emissions trading scheme (ETS) and the Climate Change Levy?

A: The EU Emissions Trading Scheme (ETS) provides flexibility, subject to the rules of the Scheme, for operators to deal with temporary increases in emissions e.g. use allowances from the following year's allocation, purchase additional allowances or reduce carbon emissions at other times. The Government does not intend to provide additional free allowances in such cases.

An industry representative group has made an enquiry in relation to *force majeure* under the ETS. The Guidance issued by the Commission in relation to Phase I of the ETS states that *force majeure* will occur in exceptional and unforeseen circumstances, most notably in cases of natural disasters, war, threats of war, terrorist acts, revolution, riot, sabotage or acts of vandalism. The Guidance also states that the presence of *force majeure* has to be demonstrated at installation level and on a case-by-case basis. The European Commission shall determine whether or not *force majeure* has been demonstrated (Article 29 ETS Directive).

Some companies have raised questions about the Climate Change Levy. Companies can gain 80% discount on the Climate Change Levy though joining a Climate Change Agreement.

The Carbon Trust has helpful information about how to manage carbon production and how to maximise the potential benefits of any savings.

<http://www.carbontrust.co.uk/>

5. Contingency arrangements for industrial users

5.1 Q: What measures would be taken to avoid an emergency situation?

A:

- The gas supply situation is monitored by DTI and Ofgem using information provided by National Grid and other sources, so that a period of exceptionally tight gas supply, for example as a consequence of a period of severe weather, would not come out of the blue.
- National Grid provides detailed up-to-date information on supply and demand on its website. Rising prices in response to shortages of supply would be expected to lead to demand side response.
- Should supply become tight, and forecast demand exceeds supply, National Grid can, since 2005, issue a Gas Balancing Alert (GBA). The GBA is a tool to inform the market of the supply/demand situation and that there was an opportunity for a demand side response. The GBA will be issued via the National Grid website. There was one GBA last winter, on 13 March.

5.2 Q: Who will oversee the response to an emergency?

A: In the very unlikely event of a gas supply emergency situation the Network Emergency Co-ordinator (NEC), currently based at National Grid, would declare an emergency and instruct gas conveyors to take action to reduce gas demand. Special structures of command to manage this process would be set up as outlined in plans for dealing with an emergency. Government and National Grid would be working together to help manage any demand side response needed.

5.3 Q: Are the contingency plans ready to be deployed?

A: Yes.

The emergency procedures in place act as a prudent safeguard against unexpected shortages of supply or network problems in order to ensure safety of supply to consumers. The energy industry, Government and regulators have an on-going dialogue on potential risks of interruption to power supply through the Energy Emergencies Executive. The Executive meets regularly throughout the year and routinely examines a wide range of possible scenarios, such as severe weather or large technical failures in the system. These complement the contingency plans in place to deal with a range of possible scenarios impacting on the UK, not just energy related.

The Civil Contingencies Secretariat have helped DTI work with other Government Departments to ensure that Government as a whole is ready for a variety of contingency scenarios.

It is prudent to plan for extreme situations. Government plans with the energy industry have been in place for many years. Resilience planning is always a sensible precaution for individual companies as well as the Government. A distribution fault, or indeed a localized incident like a digger accidentally damaging a gas feed pipe, are all more realistic scenarios than a network gas supply emergency. We would always encourage all plants to ensure they have considered every possibility in their resilience plans.

5.4 Q: Would companies on firm contracts need to be interrupted?

A: This will depend on the type and severity of a gas emergency but clear procedures exist to minimise the necessity for this.

Users of gas with firm contracts would not have their supply interrupted before an emergency is reached. The interruption of companies on firm contracts would only be triggered as part of stage 3 of an emergency response to an extreme gas shortage. The NEC would direct the reduction of supply, usually, from the largest users, down to the smallest, before the last measure of starting to isolate parts of the network to supply small users (domestic and those using less than 25,000 therms per annum).

5.5 Q: How would I know if a gas supply emergency is imminent?

A: This will depend on the type and severity of the emergency but every effort would be made to ensure as much notice as possible to those potentially affected. If there was a system imbalance, National Grid, as system operator, will use the tools available to it to balance the network in the short term. This could include issuing a GBA on its website.

Before firm customers are interrupted, emergency plans provide for the suspension of the normal market for gas. This would become public via the media. After the suspension, it will depend on how quickly gas supply and demand is balanced, before firm customers start to be interrupted. Public appeals may take place asking the public to restrain gas usage but this would depend on the type of emergency.

In the event of an emergency, industry will contact large consumers and provide guidance on the actions to be taken. For example, large consumers with firm and interruptible supply contracts may be requested to stop using gas. Information will be provided to the general public through the media.

5.6 Q: How can I check there is not a hoax around an emergency?

A: The National Grid webpage would clarify what the latest situation is with gas supply and demand, in its note section under the GBA section.

5.7 Q: Can I claim extra notice or a smaller reduction to protect equipment if it would be dangerous to shut down my plant if the gas was suddenly turned off?

A: You should have a good understanding about how much time you need to safely shut down your appliances which use gas and should consider these time needs against those which your supplier can offer you (see information about Category C users in Q: 5.12). In an emergency you would be asked to stop using gas as quickly as possible.

5.8 Q: How could businesses help in an emergency situation?

A: By reducing demand and/or selling gas back into the system. Once a Gas Balancing Alert (GBA) has been announced the market needs to balance supply and demand. Some gas contracts allow businesses to contribute to demand reduction by selling gas back to their supplier or National Grid.

5.9 Q: Has a Gas Balancing Alert (GBA) ever happened before?

A: A Gas Balancing Alert was issued on 13th March 2006 at 00.03 for the gas day 13th March. This followed a sharp change in weather causing forecasted demand to be above supply availability. At the time, supply

availability was low due to supplies from Rough, the UK largest storage site, being unavailable following a fire in February. Whilst the direct effect of the GBA being issued cannot be identified, wholesale prices increased and demand reduced to a level where supply and demand balanced.

5.10 What guidance is available to industrial users who may have to turn off their supply?

A guidance note for industrial and commercial gas users has been published by the Institution of Gas Engineers and Managers (IGEM) and can be viewed by clicking here: <http://www.igem.org.uk/f/IGE-GL-9.pdf>

5.11 Q: What should I do if I have health and safety concerns about shutting off my supply?

A: You should talk to your supplier about the process of reducing gas demand and gas being completely switched off. It is the responsibility of companies to manage the shutdown of a plant in a safe and orderly fashion.

Information about health and safety requirements in the workplace are available from the HSE website <http://www.hse.gov.uk>. The general HSE helpline number is: 0845 345 0055.

5.12 Q: What are the key stages of an emergency situation?

A:

- Stage 1 Network Emergency Co-ordinator (NEC) declares a **potential** gas emergency - National Grid would seek to maximise use of National Transmission System Linepack. Network storage would be maximised, emergency specification gas would be utilised. Also those with interruptible contracts would be instructed to switch off.
- Stage 2. Beach gas would be maximised, any remaining gas in storage would be used and the gas market would be suspended.
- Stage 3. Under Stage 3 firm load shedding measures would be implemented; this would involve taking off a certain proportion of non-domestic load (largest first) to balance the system. Interconnectors would be interrupted, and public appeals for restraint would also be made.
- Stage 4. The system would be progressively isolated (in effect switched off). This is a measure of last resort because of the complexity of re-connecting domestic users.
- Stage 5. Under this Stage the restoration programme would start.

5.13 Q: Are there gas priority users?

The DTI is reviewing the priority user arrangements for gas and electricity to ensure they continue to provide appropriate protection to essential consumers. A consultation document on the gas priority user arrangements was launched in July 2006 seeking views on possible improvements for implementation before the winter. It is also intended to issue a consultation document on the electricity priority user arrangements in the autumn.

A: The Gas Transporters (GT) licence (Gas Act 1995) requires gas transporters to establish a list of priority users, which, subject to overriding safety considerations, must be given priority with respect to maintenance of

a supply gas. Gas transporters in consultation with shippers review the list and update for firm load shedding systems.

Priority Consumers will conform to one of three classifications:

Category "A"

Consumers (above 25,000 therms per annum) on firm supply contracts, where a failure in the supply to their premises could put lives at risk. Examples of such customers would be hospitals or homes for the elderly. It will be presumed that all such customers are dependent on gas if they are not supplied under an interruptible supply contract. As far as possible, Primary Gas Transporters (PGTs) will endeavour to maintain gas supplies to such customers at all times, and take urgent steps to reinstate supplies if they ever fail.

Category "B"

Consumers who would otherwise fall within category "A" but for the fact they are on interruptible contracts. As far as possible, supplies to such sites will be maintained for the contractually agreed notice period. The purpose of this is to allow these customers to move to an alternative energy source in a safe and orderly manner. In effect, such sites require priority status only at the onset of an emergency. However, during an extended emergency, supplies might be restored to such customers in advance of supplies to other interruptible customers.

Category "C"

Under emergency arrangements industrial users of gas on firm contracts would have their gas reduced when firm load-shedding starts. In the absence of any overriding considerations of safety relating to the network, Priority C users would be allowed time for an orderly shutdown of plant, and to retain sufficient gas supply to prevent damage to the plant.

However, such companies would be required to immediately shut down any other gas demands on their site, which are not directly essential to the safe shut down process. Category C companies must supply a site shutdown plan and a site load profile to their supplier and Primary Gas Transporter.

We are, however, reviewing Gas Priority User arrangements as described in 5.13 above.

If you wish to learn more about this speak to your supplier.

6. Further information (complaints and compensation)

6.1 Q: If I have a complaint about my supplier who should I speak to?

A: Where business customers have been unable to secure satisfactory responses to a complaint from their supplier, Energywatch can investigate and negotiate with the company on their behalf. Energywatch can also recommend regulatory action by Ofgem.

6.2 Q: Can I get compensation for loss of energy supply?

A: Only domestic gas users can receive compensation in the unlikely event of their gas being cut off. There is no similar provision for companies but some suppliers may be willing to consider such an arrangement in the terms of the contracts they offer.

Commercial measures that encourage demand reductions to avoid an emergency

Some energy suppliers offer users the chance to agree in advance how much gas they would be willing to sell back to their supplier to offer to National Grid, if the gas market is very tight and close to an emergency situation. Consumers who agree to curtail their gas use, will be compensated for doing so. Suppliers believe this makes commercial sense, as the arrangement would only kick in when there was a potential threat of an emergency situation. If firm users were interrupted in an emergency they would otherwise not be compensated.

These arrangements are an important demand side response before the NEC begins to decide how to reduce demand, potentially through reducing demand from firm customers. Government welcomes such voluntary demand side responses.

Talk to your supplier to find out more about whether they offer the opportunity for you to sell back your gas. It is for customers to agree with suppliers the rate for selling back.

6.3 Further questions:

If you have any further comments please direct these to your trade association (if you are a member of one) and they will raise these with DTI or write direct to DTI: Gas Response Team, c/o Chris Chown, Bay 298, 1 Victoria Street, London SW1 0ET.