

Our comments follow in response to a number of the issues raised in DTI's letter of 5th July on information disclosure, and discussed at the meeting with consumers held at energywatch's offices on 20th July.

EIUG and other consumer groups do not have the resources to provide quantitative information on the likely value of greater information disclosure, nor should they be expected to do so. We believe that this is the responsibility of the regulator, and that a truly independent regulator would embark on such work enthusiastically. We are happy of course to comment further on the qualitative benefits of fairer information disclosure.

We are concerned that DTI follows an appropriate methodology when carrying out its Regulatory Impact Assessment, which we assume will involve cost-benefit analysis. As a matter of principle, it would be wrong to treat the removal of an unfair advantage as a 'cost'. We therefore expect DTI to reject any arguments to the contrary that may have been made by those with an interest in maintaining a privileged commercial position, and to be especially cautious about estimates of 'costs' they may incur as a result of fair information disclosure.

EIUG has argued for timely access to aggregated information on flows, capacity, etc. on the same basis as other market participants, especially shippers. We have not argued for the creation of new types of information, so the question of increased costs in this respect does not arise. We accept that there may be costs associated with wider dissemination of existing information, e.g. posting data on public rather than private websites, but believe these are essentially immaterial. We have not argued for the release of information that would unfairly reveal individual commercial positions, which might damage market efficiency, so these costs need not be an issue either.

As to the benefits of wider disclosure, these result from creating a level playing field for all market participants, not just those (principally shippers) with privileged access to potentially market sensitive information. The value of this information is often time-dependent. Access to historic data, e.g. at month end, is certainly useful, especially perhaps to analysts and others in explaining market behaviour some time after the event. More valuable, we would argue, is access to data closer to real time on flows, field failures, etc., that clearly influence within day and end of day prices.

We are often asked why short term prices should be of interest to consumers. The simple answer is that a very high proportion of industrial gas is bought on indexed contracts, linked to the spot price, often with an option to fix for certain periods of time. Some consumers also buy a proportion of their gas opportunistically, or possibly sell it, in response to short term market conditions. It is therefore a vital concern that consumers have fair access to timely information on factors that are likely to influence short term prices.

Recent events, resulting in unprecedented summer interruptions, have highlighted the importance of efficient market operation in ensuring security of supply. Whilst the full facts may take time to be confirmed, hopefully as a result of a formal enquiry, we believe a number of preliminary conclusions regarding information access can already be drawn. We believe that there would be benefits to security of supply from better coordination of planned outages, requiring greater information disclosure than at present, and have asked that any formal enquiry should address this issue. It is generally accepted that consumers would have been alerted at an earlier stage to the extent of the recent supply problems in the south had they had equal access to timely information on local linepack, storage flows, field failures, etc., and would have been better placed to react accordingly, e.g. by readying backup supplies or preparing to make locational offers to reduce demand. Currently, consumers only have access to daily flows in and out of storage, but not hourly flows - this information is already available, via Centrica's password-protected website, to shippers that have booked storage, and could be therefore be made available to all at trivial cost. Similarly, consumers do have access to daily hourly information on linepack and terminal flows, but not the hourly flows which are available to shippers via Transco's AT-link system.

We do not believe there is any valid commercial argument for this sort of information, which is already shared amongst shippers, to be withheld from the rest of the market.

EIUG believes it is naive to expect ring fencing arrangements ('Chinese walls') between terminal operators, producers and shipper affiliates to prevent disclosure of privileged information. We agree with Ofgem and others that wider information disclosure would render academic many concerns about the adequacy of current ring fencing arrangements.

EIUG endorses the principle that there should be symmetry in the way disclosure requirements apply to information on supply and demand. Where timely information on the operation of a major demand source has significant market value, and is already available to some market players, and could be provided to others without inappropriately revealing individual commercial positions, at minimal direct cost, there is a clear case for disclosure. The requirement to disclose information on interconnector flow and capacity is a case in point.

DTI is aware that its dual role as sponsor and regulator of the offshore gas industry is controversial, and not universally supported by consumers. EIUG believes that one way of dispelling cynicism about the current arrangements would be for DTI to show that it had not only listened to consumers' concerns, but also taken action to ensure fairer access to information. We therefore urge DTI to take this opportunity to prove the doubters wrong.