

IPA MONTHLY BRIEFING PAPER
May 2009



The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER ECONOMICS

Inside...

- " Launch of nationwide smart metering roll-out;
- " Further developments of offshore transmission regime;
- " Relaxation of industry rules to speed up wind farm connections;
- " Consultation on new transmission charging methodology; and
- " Proposed introduction of locational BSUoS.

The Pace of Change in Great Britain

This monthly briefing paper from IPA Energy + Water Economics provides a brief update of the major consultations and announcements that impact on the development of the Great Britain wholesale electricity.

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If readers need further information on any of the issues raised in this newsletter, or would like advice on how these changes and other market developments might affect your company, please contact IPA Energy + Water Economics on +44 (0)131 240 0840 or via email at contact@ipaeconomics.com.

We are continually looking for ways to make this newsletter more useful for our readers, and would welcome comments and suggestions on any changes which might be helpful.

Disclaimer

IPA Energy + Water Economics cannot be held accountable for the accuracy of the information published herein, nor be held responsible for the consequences of any actions or decisions taken on the basis of this briefing paper. Parties must refer to the formal documents to confirm the official position.

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DEPARTMENT OF ENERGY AND CLIMATE CHANGE (DECC)

Titles: *UK Smart Meter roll out moves forward Consultation on Smart Metering for Electricity and Gas*

Published: 11 May
Response Due: 3 August

Link to press release:
<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=401012&NewsAreaID=2>

Link to consultation:
http://www.decc.gov.uk/en/content/cms/consultations/smart_metering/smart_metering.aspx

The Government has launched a consultation on the roll out of “smart meters” to domestic customers and SMEs. For domestic customers, the consultation covers the delivery model or market arrangements for installing and on-going management of smart meters, and smart meter functionality.

Subject to the consultation, Government is currently proposing that the “central Communications” model should be adopted in which:

- “... *gas and electricity supply companies would have responsibility for provision installation and ongoing management of smart meters; and*
 - *a single national communications provider would be appointed centrally to provide communications services for all smart meters across Great Britain.*”
-

Title: *London Array Go-Ahead*

Published: 12 May
Response Due: N/A

Link:
<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=401194&NewsAreaID=2>

DECC welcomed the decision by E.ON, DONG Energy and Masdar to proceed with the first phase of the London Array offshore wind farm, which is expected to start generation by 2012.



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OFGEM

Title: *Minutes of the Meeting of the Gas and Electricity Markets Authority (19 March 2009)*

Published: 1 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/About%20us/Authority/AuthorityMinutes/Documents1/19%20March%202009.pdf>

Ofgem has published the minutes of the March meeting of its governing body.

Title: *Responses to Regulating Energy Networks for the Future: RPI-X@20 Principles, Process and Issues*

Published: 5 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Consultation%20cover2.pdf&refer=Networks/rpix20publications/CD>

Ofgem has published the responses to its 27th February consultation.

Title: *Offshore Electricity Transmission: Consultation on Draft Model Sale and Purchase Agreement and Draft Data Room Guidelines for Transitional Tenders*

Published: 6 May
Response Due: 3 June

Link:
<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Draft%20Model%20Sale%20and%20Purchase%20Agreement%20and%20Draft%20Data%20Room%20Guidelines%20for%20Transitional%20Tenders.pdf>

Link to annex 1:
<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%201%20Draft%20Model%20Sale%20and%20Purchase%20Agreement.pdf>

Link to annex 2 (commentary on the SPA):
<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%202%20Commentary%20on%20Approach%20to%20the%20Preparation%20of%20the%20Draft%20Model%20Sale%20and%20Purchase%20Agreement.pdf>

Link to annex 3:

<http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%203%20Draft%20Data%20Room%20Population%20Guidelines.pdf>

Ofgem is consulting on a draft model Sale and Purchase Agreement (annex 1) which it has developed to enable a developer and successful bidder to define the terms for the transfer of the transmission assets and associated rights and liabilities to the newly licensed offshore transmission owner (OFTO). The consultation also invites views on Ofgem's draft data room guidelines (annex 3).

Issue: *New Powers to Allow Ofgem to Request a Change of Implementation Date for Code Modifications*

Title: *The "timing-out" of code modification proposals*

Published: 13 May
Response Due: 26 June

Link:
[http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/timing%20out%20issues%20open%20letter%20\(2\).pdf](http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/timing%20out%20issues%20open%20letter%20(2).pdf)

Ofgem has published revised proposals (and draft legal text) for licence changes that would allow it to seek a revised implementation timetable under Code modifications where the Mod could be timed-out if the Authority is not able to give its decision in the requisite timescales.

Under its revised proposals, the affected licences would be amended to allow the Authority to require the code owner/licensee to specify a revised implementation timetable (including a new Decide by Date and/or for any supporting analysis to be updated if needed). The document also indicates that, "we would also expect that the relevant panel would consult on new Decide by Dates and any updated analysis on the modification proposal."



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Title: *Renewables Obligation: Guidance for licensed electricity suppliers (GB and NI)*

Published: 14 May (dated 27 March)
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Documents1/Suppliergeguidance.pdf>

Ofgem has published updated guidance on the RO for suppliers.

Title: *Conclusions in respect of the consultation to modify Standard Licence Condition C5 (“Use of system charging methodology”) and C6 (“Connection charging methodology”) of the electricity transmission licence; and Notice under Section 11A of the Electricity Act 1989*

Published: 14 May
Response Due: 12 June

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTrans/Policy/Charging/Documents1/SLC%20C5%20and%20C6%20licence%20change%20-%20S11A%20consultation%20publication.pdf>

Ofgem has issued its conclusion and a statutory consultation on proposed licence changes to implement its proposed changes to the timescale allowed to it to consider changes to National Grid’s use of system and connection charging methodologies when an Impact Assessment is deemed necessary. Under the new drafting, the Authority would have three months to reach a conclusion on proposed changes to these methodologies from the point at which it decides and Impact Assessment is needed. Under the current drafting, the three month period starts when National Grid submits its modification report.

Title: *Notice of Modification of the Special Conditions of National Grid Electricity Transmission Plc’s Electricity Transmission Licence Under Section 11 of the Electricity Act 1989*

Published: 15 May
Response Due: 12 June

Link:
<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystmOps/SystOplncnt/Documents1/Notice%20of%20Modification%20of%20the%20Special%20Conditions%20of%20NG%20Transmission%20Licence.pdf>

Ofgem has issued a formal notice of its intention to modify a special condition within National Grid’s transmission licence. The modifications will update the licence to reflect the acquisition of the United Kingdom Power Exchange (UKPX) by APX Power UK in 2004 and change the reference in AA5 (Supplementary Provisions of the Charge Restriction Conditions) from UKPX to APXUK. The modification notice makes it clear that this is in line with current practice and that National Grid has been using the APX Power UK reference price in its calculation of the value of the Net Imbalance Volume Reference Price (SPNIRP). Subject to comments, Ofgem expects this change to be effective from 1 July.

Title: *Ofgem Approved Meter Installers (OAMI)*

Published: 18 May
Response Due: N/A

Link:
http://www.ofgem.gov.uk/Networks/Techn/Metrology/AssetMgmt/OAMI/Documents1/Latest%20Ofgem%20Approved%20Meter%20Installer%20List_OAMI.pdf

Ofgem has published a list of Approved Meter Installers.



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Title: *Ofgem's Annual Public Session of the Gas and Electricity Markets Authority, Thursday 18th June 2009*

Published: 19 May
Response Due: N/A

Contact: vicky.heard@ofgem.gov.uk

The open annual public session meeting of the Gas and Electricity Markets Authority (Ofgem's governing body) will be held at Ofgem's London offices at 2:00pm on 18 June. The meeting will discuss Ofgem's priorities and Corporate Strategy for the next five years and will be followed by a reception.

Title: *Direction issued to National Grid Electricity Transmission ("NGET") by the Gas and Electricity Markets Authority pursuant to paragraph 8 of standard condition C16 (Procurement and use of balancing services) of NGET's electricity transmission licence*

Published: 20 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/20090520DirectionLN.pdf>

In order to enable the Authority to make decisions on CAP 170 and associated/consequential changes to the Procurement Guidelines (PGs) & Balancing Principles Statement (BPS) at the same time, Ofgem has issued a direction to National Grid relieving it of its obligation to adhere to certain timescales specified in its licence for producing change report on the BPS and PGs. CAP 170 is the subject of an Impact Assessment (see below).

Issue: CAP 170 – Impact Assessment Consultation

Title: *CAP170: Category 5 System-to-Generator Operational Intertripping Scheme*

Published: 21 May
Response Due: 2 July

Link:
<http://www.ofgem.gov.uk/Licensing/ElecCodes/CUS/C/las/Documents1/090521CAP170IA.pdf>

Ofgem has issued an impact assessment on CAP 170 which is expected to reduce National Grid's costs of managing transmission constraints by setting the compensation payable to generators, behind a constraint, where the relevant transmission licensee has a derogation from the GB Security and Quality of Supply (GBSQSS) planning criteria in line with the administered pricing arrangements for certain other categories of operational intertrips. Ofgem has estimated that this may reduce National Grid's costs of managing constraints across the (derogated) Cheviot boundary, by around £40m per annum.

Issue: Ofgem's Approach to Improving Equality

Title: *Equality and Diversity Introduction to our Equality Schemes*

Link:
<http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Equality%20scheme%20intro.pdf>

Title: *Race Equality Scheme*

Link:
<http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Raceequalityscheme.pdf>

Title: *Gender Equality Scheme*

Link:
<http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Genderscheme.pdf>

Title: *Disability Equality Scheme*

Link:
<http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Disabilityscheme.pdf>

Published: 22 May
Response Due: N/A

Ofgem has published three "equality schemes".



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Title: Ofgem's response to the DECC Heat and Energy Saving Strategy consultation

Published: 22 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Sustainability/Documents1/Ofgem%20response%20to%20the%20Heat%20and%20Energy%20Saving%20Strategy%20consultation.pdf>

Ofgem has published its response to DECC's consultation on its Heat and Energy Saving strategy. Within its response Ofgem notes that:

"... the most equitable way to recover the costs of the programme is through taxation rather than energy bills"

continuing ...

"If some element of the costs of energy saving programmes are to be funded through energy bills then careful thought will be needed as to how to mitigate the impacts for those on low incomes by considering who pays for the schemes."

"However across all the areas considered in this consultation the issues of "fairness" need much greater consideration."

Issue: Information on Costs and Use of Balancing Services under the GB SO Incentive Scheme for 2009/10

Title: Information Provision for 2009/10 System Operator Incentive Scheme: formal information request under paragraph 14 of standard condition C16 of NGET's transmission licence

Published: 26 May (dated 7 May)
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Information%20request%20to%20NGET.pdf>

Ofgem has published a "non-confidential" version of the letter it has sent to National Grid making a formal request for information needed under the SO Incentive scheme on the cost and use of balancing services.

Issue: First steps towards new two year GB SO Incentive schemes from April 2010

Title: National Grid System Operator Incentives from April 2010

Published: 28 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Open%20Letter%20final.pdf>

Ofgem has published an open letter setting out its proposed process and timetable for the development of the SO incentive schemes for 2010. The letter also states its preference for the new schemes to cover two years indicating that, in its view, industry concerns about the uncertainty of SO costs over the longer term could be mitigated through appropriate design of the scheme and that the benefits of longer term schemes should outweigh these risks.

Title: Quarterly Wholesale/Retail Price Report May 2009

Published: 28 May
Response Due: N/A

Link:
<http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Wholesale%20retail%20report%20-%20May.pdf>

Ofgem has published its second quarterly report covering the relationship between wholesale and retail energy prices.

The report states that, *"Based on an 18 month hedging strategy for wholesale energy buying and on current retail prices, our estimates of suppliers' expected gross margin on supplying a customer over the next year are £67, £75 and £119 per customer per year for electricity, gas and dual fuel respectively."*



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Title: *Modification/Amendments with Ofgem for Decision – Indicative timetable*

Latest version (19 May):

<http://www.ofgem.gov.uk/Licensing/IndCodes/Documents1/Indicative%20decision%20dates%20for%20modification%20with%20Ofgem.pdf>

As noted last month, Ofgem now publishes a table giving the “indicative” timescales for its decisions on the CUSC and BSC mods/amendments that it is currently considering. Please note Ofgem appear to be deleting old versions as they expire so this link may not work for very long.



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LICENCES

Electricity Licence Applications in May 2009

Company: Eneco Energy Trade BV
Licence: (Non-Domestic) Electricity Supply

Applied: 5 May
Notice published: 6 May

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/ApplyNotices/Documents1/Eneco%20notice.pdf>

Company: BES Commercial Electricity Limited
Licence: (Non-Domestic) Electricity Supply

Applied: 26 May
Notice published: 28 May

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/ApplyNotices/Documents1/BES%20notice%20of%20application.pdf>

Electricity Licences Issued in May 2009

Company: Helius Energy Gamma Limited
Licence: Electricity Generation

Notice published: 21 May
Effective from: 12 May

Link:

http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/website_noticeHelius.pdf

Company: Aurora Home Energy Power Limited
Licence: Electricity Supply

Notice published: 21 May
Effective from: 12 May

Link:

http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/Website_NoticeAurora.pdf



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GB SYSTEM OPERATOR (SO)

Title: Constraints Management Workshop Forum Update

Workshop Date: 3 June

Contact: hannah.morgan@uk.ngrid.com

National Grid is holding a "Constraints Management Workshop" at its Wokingham office on 3 June.

Issue: Changes to the Balancing Principles Statement Consequential to CAP 170

Title: Worked Examples for Category 5 Intertripping Service

Published: 5 May
Response Due: 13 May

Link:
<http://www.nationalgrid.com/NR/rdonlyres/605CDD05-6B38-4CB7-97EF-D71DE3984F30/34062/workedexamplesforcat5intertrippingservicev10.pdf>

As promised in April, National Grid has published worked examples showing how the criteria for selecting and arming category 5 intertrips would work, for circulating to the industry.

Issue: Proposal to Charge for Use of the Transmission Network on a Uniform, National Basis

Title: Consultation Document GB ECM-17 Transmission charging – a new approach

Published: 19 May
Response Due: 30 June

Link:
http://www.nationalgrid.com/NR/rdonlyres/5348F0B0-8E79-4008-9DEF-5968C266A9DD/34369/GBECM17ConsultationvFINAL_HRCM.pdf

National Grid has published a consultation on proposals, developed by Scottish Power, Scottish & Southern Energy, Scottish Renewables Forum, and the Scottish Government, for a new approach to charging for transmission access. Under this new approach, generators would pay a non-locational, uniform usage charge per unit of energy transmitted. The charge would be calculated from the ratio of the revenue requirement to the forecast generation output, and it was estimated that this would currently amount to ~ £1/MWh. There would also be provision for an under/over-recovery adjustment via a revenue restriction correction factor.

This consultation draws on responses to the pre-consultation on this proposal published last year and National Grid notes that:

"Whilst a majority of the respondents supported the proposal, the quantitative analysis provided was presented by those respondents that do not support the Scottish Government proposal and appears to contradict many of the views expressed in support of the proposal."

In the report it states its initial view as:

"To date, National Grid has been unable to produce any compelling analysis to support the case that the Scottish Government proposal better meets the relevant transmission licence obligations with regard to transmission charging and consequently, National Grid is now requesting that any quantitative analysis in support of the proposal should be presented in response to this consultation document. In the absence of such analysis, National Grid considers at this stage, that it would be inappropriate to take the alternative proposals forward."



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Issue: Introduction of Locational BSUoS

Title: *Conclusions Report for the Modification Proposal to the Transmission Network Use of System Charging Methodology and Balancing Services Use of System Charging Methodology – GB ECM-18 – Locational BSUoS*

Published: 22 May
Response Due: N/A

Link to cover letter:

<http://www.nationalgrid.com/NR/rdonlyres/8C00BEF3-037A-4ADE-BD41-E6F6C285C636/34451/GBECM18Coveringletter.pdf>

Link to report:

<http://www.nationalgrid.com/NR/rdonlyres/B9BD2D45-195A-479F-A369-B5BE6A3D22E9/34447/GBECM18conclusionsdocumentvolume1.pdf>

Link to (non confidential) industry responses:

<http://www.nationalgrid.com/NR/rdonlyres/AEAB153C-DC3A-4816-92EF-2A14ED7554C0/34448/GBECM18conclusionsdocumentvolume2.pdf>

National Grid has submitted its conclusions report, proposing that the basis for charging for balancing services use of system (BSUoS) is changed from a uniform national charge to a locational charge for transmission connected generation which is located behind a “Derogated Non-compliant Transmission Boundary (DNTB)” and that the Transmission Network Use of System (TNUoS) charges for this generation are also adjusted. The proposal follows a letter from Ofgem, in February, requesting that National Grid conduct an urgent review of charging for access given increases in the cost of constraints, which was followed by a consultation from National Grid on proposals for the introduction of locational BSUoS.

The final report sets out National Grid’s proposals following that consultation (responses are attached). In making its proposals National Grid notes that it recognises that the proposed changes may have implications for the financial viability of renewable generation but notes that it is required by its licence to develop cost reflect charging proposals. It therefore suggests that:

“Should these proposals lead to issues of financial viability of renewable generation which then impacts the ability to meet the government renewable targets then we would suggest two areas could be explored, either primary legislation to amend our licence obligations or changes to the subsidies available for renewable generation.”



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DISTRIBUTION NETWORK OPERATOR (DNO)

Issue: Table of Charging Modification Proposals

Published: 7 May

Link:

http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/Modifiable_Mod_Table5.pdf

Title: Notice Concerning the Proposed Modification of the Standard Licence Conditions of Electricity Distribution Licences under Section 11A(3) of the Electricity Act 1989

Published: 8 May

Response Due: 8 June

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/MODNotice/Documents1/May%20CLM%20NOTICE%20UNDER%20SECTION%2011A%20080509.pdf>

Ofgem has issued a statutory consultation on its proposed collective licence mods to deliver a common charging methodology for DNOs.

Issue: Charging Methodology Decisions

Title: Decision in relation to EDF Energy Networks Limited connection charging methodology modification proposal 26: Capacity management for Licensed Distribution Network Operators (LDNOs)

Decision: **APPROVE** (not vetoed)

Published: 6 May

Link:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/Decision%20Letter%20EDF%20connection%20capacity%20ramping%20Mod%2026.pdf>

Title: Decision in relation to EDF Energy Networks Limited use of system charging methodology modification proposal 27: Capacity management for Licensed Distribution Network Operators (LDNOs)

Decision: **APPROVE** (not vetoed)

Published: 6 May

Link:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/v2%20Decision%20letter%20EDFE%20UoS%2027%20capacity%20ramping%20MOD%2026.pdf>

Issue: Charging Methodology Proposals

Title: ENW/2009/004 - Proposal to implement an Interim IDNO charging methodology and charges

Modification proposal from: Electricity North West Limited

Published by Ofgem: 26 May (dated 22 May)

Link:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/ENW2009004%20%20Proposal%20to%20modify%20ENWs.pdf>



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Issue: Next DNO Price Control

**Titles: *Ofgem Consults on Next Electricity Price Controls*
Electricity Distribution Price Control Review
*Methodology and Initial Results Paper***

Published: 8 May
Response Due: 5 June

Link to press release:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/DPCR5%20Methodology.pdf>

Link to consultation:

<http://www.ofgem.gov.uk/Networks/ElecDist/PriceControls/DPCR5/Documents1/Methodology%20and%20Initial%20Results%20document.pdf>

Link to supplementary appendices:

<http://www.ofgem.gov.uk/Networks/ElecDist/PriceControls/DPCR5/Documents1/Methodology%20and%20Initial%20Results%20APPENDICES.pdf>

Ofgem has published the third in the series of consultations on the next DNO price control, due to come into effect on 1 April 2010. This consultation seeks views on the details of Ofgem's cost assessment methodology and initial results and its proposals for two areas of quality of service and its proposed approach to the treatment of tax, regulatory asset value and overall incentives.

The next stage in the process will be the publication of Ofgem's initial proposals for each company's revenue requirements which is currently scheduled for late July.

Title: *Ofgem Speeds up Connections for 450 Megawatts of Low-Carbon Generation*

Published: 8 May
Response Due: N/A

Link:

<http://www.ofgem.gov.uk/Media/PressRel/Document1/ConnectandManage%20FINAL.pdf>

Ofgem has relaxed industry rules to allow much faster connection of wind and low-carbon generators and authorized £12.5 million investment by transmission companies for preparatory work which will further speed up connections. The relaxation in rules refers to Ofgem's decision to issue a derogation to the requirement to comply with GBSQSS to allow connection on completion of local works rather than full system reinforcement (connect and manage). It is noted that this is likely to lead to higher constraint costs.

Titles: *Electricity Distribution Losses – Non-technical overview*

Published: 18 May
Response Due: N/A

Link:

<http://www.ofgem.gov.uk/Networks/ElecDist/Documents1/Sohn%20Overview%20of%20Losses%20FINAL%20Internet%20version.pdf>

Ofgem has published a report on the sources of electrical losses on the distribution network. The report identifies both the source of true electrical losses and other factors that may affect the calculation of what appears as electrical losses under the current settlement arrangements.



BALANCING AND SETTLEMENT CODE (BSC)

Joiners

Aurora Home Energy Power Ltd

Party ID: OVOE
Supplier

Eneco Energy Trade BV

Party ID: ENECOUK
Supplier and Interconnector User

Greater Gabbard Offshore Winds Limited

(Party ID: GGOWL
Generator

Issue: Inclusion of New Data Provider in Market Index Price Calculation

Title: *Market Index Definition Statement Consultation – Potential New Market Index Data Provider*

Published: 1 May
Response Due: 29 May

Link:

http://www.elexon.co.uk/documents/Consultations/Market_Index_Definition_Statement_Consultation_-_Market_Index_Definition_Statement_Consultation_Document.pdf

Link to Datamonitor story about new exchange:
http://www.datamonitor.com/store/News/uk_nord_pool_collaboration_is_a_step_towards_eu_energy_integration?productid=F15347EA-6611-419B-B420-96487338DAAA

ELEXON has issued a consultation on changes to the Market Index Definition Statement to allow a proposed new Power Exchange, N2EX, to become a Market Index Data Provider once it commences operations. The exchange is being set up by a consortium including Nasdaq OMX and Nord Pool, and is planned to go live on 28 September 2009.

New Issues

Issue 37: Boundary Point Metering and BM Unit Issues in Section K

Raised on: 14 May
Raised by: BSC Panel, (on ELEXON's recommendation)

Link:

<http://www.elexon.co.uk:80/changeimplementation/ModificationProcess/groups/issues/issues.aspx?issueID=39>

The issue covers BSC requirements for metering which it has been suggested may be excessive for certain configurations of Combined Cycle Gas Turbine (CCGT) Modules and Power Park Modules. The accompanying paper also raises issues about the potential appropriateness of some current processes for certain configurations of BM Units for offshore wind farms.

Modification Decisions

P233 Housekeeping Modification – Correction of SSL References, Letters of Credit, Definitions in Section X and Manifest Errors in P215 Legal Text
Implementation Date: 25 June

P234 Housekeeping Modification – Correction of Manifest Errors in P217 Legal Text
Implementation Date: 5 November

Decision: **APPROVE**
Decision date: 19 May

Link:

http://www.ofgem.gov.uk/Licensing/ElecCodes/BSC/ode/BSC/Documents1/acceptance_bsc%20P233%20and%20P234.pdf

The two modifications are “housekeeping modifications” raised by the BSC Panel on ELEXON's recommendation that seek to ensure consistency with service documents and correct errors in the legal text of other approved modifications.



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EUROPEAN UNION (TITLES AND LINKS ONLY)

7 May

**Hearing by the Senate Committee on Finance on
“Auctioning under Cap and Trade: Design,
Participation and Distribution of Revenues”**

Link:

http://ec.europa.eu/environment/climat/emission/pdf/hearing_finance.pdf

15 May 2009

**Emissions Trading: EU ETS Emissions Fall 3 %
in 2008**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/794&format=HTML&aged=0&language=EN&guiLanguage=en>

18 May 2009

**The Commission calls for proposals for €4
billion worth of energy investments**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/804&format=HTML&aged=0&language=EN&guiLanguage=en>

25 May 2009

**G8 Energy Ministerial: Commissioner Piebalgs
calls for good investment climate to take the
energy sector out of the crisis**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/09/830&format=HTML&aged=0&language=EN&guiLanguage=en>

**Andris Piebalgs, Energy Commissioner : Can
Europe finance secure and clean energy in the
future?**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/09/271&format=HTML&aged=0&language=EN&guiLanguage=en>



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SUMMARY OF CONSULTATIONS/PUBLICATIONS AND BSC/CUSC MODIFICATIONS AND DECISIONS

Please note that whilst considerable effort is made to keep this up to date some, possibly important, consultations and announcements will inevitably have been missed. Readers should also refer to the relevant documents to confirm response dates.

Consultations Carried Over from Previous Months

Issuer	Title / Link	Date	Response Due
DECC	Consultation on the Draft Order to Implement the Carbon Reduction Commitment http://www.decc.gov.uk/en/content/cms/consultations/crc/crc.aspx	12 Mar	14 Jun
DECC	No new coal without CCS – Miliband http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=399501&NewsAreaID=2 Towards Carbon Capture and Storage: Government Response to Consultation; Building a low carbon economy: a framework for the development of clean coal http://www.decc.gov.uk/en/content/cms/what_we_do/uk_supply/energy_mix/ccs/ccs.aspx Guidance on Carbon Capture Readiness and Applications under Section 36 of the Electricity Act 1989: a consultation http://www.decc.gov.uk/en/content/cms/consultations/ccr_consultati/ccr_consultati.aspx	23 Apr	22 Jun (for draft guidance)

New Consultations/Publications

Issuer	Title / Link	Date	Response Due
Ofgem	Minutes of the Meeting of the Gas and Electricity Markets Authority (19 March 2009) http://www.ofgem.gov.uk/About%20us/Authority/AuthorityMinutes/Documents1/19%20March%202009.pdf	1 May	N/A
ELEXON	Market Index Definition Statement Consultation – Potential New Market Index Data Provider http://www.elexon.co.uk/documents/Consultations/Market_Index_Definition_Statement_Consultation_-_Market_Index_Definition_Statement_Consultation_Document.pdf Datamonitor story about new exchange: http://www.datamonitor.com/store/News/uk_nord_pool_collaboration_is_a_step_towards_eu_energy_integration?productid=F15347EA-6611-419B-B420-96487338DAAA	1 May	29 May



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Issuer	Title / Link	Date	Response Due
National Grid	Worked Examples for Category 5 Intertripping Service http://www.nationalgrid.com/NR/rdonlyres/605CDD05-6B38-4CB7-97EF-D71DE3984F30/34062/workedexamplesforcategory5intertrippingservicev10.pdf	5 May	13 May
Ofgem	Responses to Regulating Energy Networks for the Future: RPI-X@20 Principles, Process and Issues http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Consultation%20cover2.pdf&refer=Networks/rpix20/publications/CD	5 May	N/A
Ofgem	Offshore Electricity Transmission: Consultation on Draft Model Sale and Purchase Agreement and Draft Data Room Guidelines for Transitional Tenders http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Draft%20Model%20Sale%20and%20Purchase%20Agreement%20and%20Draft%20Data%20Room%20Guidelines%20for%20Transitional%20Tenders.pdf Annex 1: http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%201%20Draft%20Model%20Sale%20and%20Purchase%20Agreement.pdf Annex 2 (commentary on the SPA): http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%202%20Commentary%20on%20Approach%20to%20the%20Preparation%20of%20the%20Draft%20Model%20Sale%20and%20Purchase%20Agreement.pdf Annex 3: http://www.ofgem.gov.uk/Networks/offtrans/pdc/cdr/cons2009/Documents1/Annex%203%20Draft%20Data%20Room%20Population%20Guidelines.pdf	6 May	3 Jun
Ofgem	Decision in relation to EDF Energy Networks Limited connection charging methodology modification proposal 26: Capacity management for Licensed Distribution Network Operators (LDNOs) http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/Decision%20Letter%20EDF%20connection%20capacity%20ramping%20Mod%2026.pdf	6 May	N/A



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Issuer	Title / Link	Date	Response Due
Ofgem	Decision in relation to EDF Energy Networks Limited use of system charging methodology modification proposal 27: Capacity management for Licensed Distribution Network Operators (LDNOs) http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/v2%20Decision%20letter%20EDFE%20UoS%2027%20capacity%20ramping%20MOD%2026.pdf	6 May	N/A
Ofgem	Notice Concerning the Proposed Modification of the Standard Licence Conditions of Electricity Distribution Licences under Section 11A(3) of the Electricity Act 1989 http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/May%20CLM%20NOTICE%20UNDER%20SECTION%2011A%20080509.pdf	8 May	8 Jun
Ofgem	Ofgem Consults on Next Electricity Price Controls http://www.ofgem.gov.uk/Media/PressRel/Documents1/DPCR5%20Methodology.pdf Electricity Distribution Price Control Review Methodology and Initial Results Paper http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/Methodology%20and%20Initial%20Results%20document.pdf Supplementary Appendices: http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/Methodology%20and%20Initial%20Results%20APPENDICES.pdf	8 May	5 Jun
Ofgem	Ofgem Speeds up Connections for 450 Megawatts of Low-Carbon Generation http://www.ofgem.gov.uk/Media/PressRel/Documents1/ConnectandManage%20FINAL.pdf	8 May	N/A
DECC	UK Smart Meter roll out moves forward http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=401012&NewsAreaID=2 Consultation on Smart Metering for Electricity and Gas http://www.decc.gov.uk/en/content/cms/consultations/smart_metering/smart_metering.aspx	11 May	3 Aug
DECC	London Array Go-Ahead http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=401194&NewsAreaID=2	12 May	N/A
Ofgem	The “timing-out” of code modification proposals http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/timing%20out%20issues%20open%20letter%20(2).pdf	13 May	26 Jun



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Issuer	Title / Link	Date	Response Due
Ofgem	Renewables Obligation: Guidance for licensed electricity suppliers (GB and NI) http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Documents1/Supplierguidance.pdf	14 May (dated 27 Mar)	N/A
Ofgem	Conclusions in respect of the consultation to modify Standard Licence Condition C5 (“Use of system charging methodology”) and C6 (“Connection charging methodology”) of the electricity transmission licence; and Notice under Section 11A of the Electricity Act 1989 http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/SLC%20C5%20and%20C6%20licence%20change%20-%20S11A%20consultation%20publication.pdf	14 May	12 Jun
Ofgem	Notice of Modification of the Special Conditions of National Grid Electricity Transmission Plc’s Electricity Transmission Licence Under Section 11 of the Electricity Act 1989 http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Notice%20of%20Modification%20of%20the%20Special%20Conditions%20of%20NG%20Transmission%20Licence.pdf	15 May	12 Jun
Ofgem	Electricity Distribution Losses – Non-technical overview http://www.ofgem.gov.uk/Networks/ElecDist/Documents1/Sohn%20Overview%20of%20Losses%20FINAL%20Internet%20version.pdf	18 May	N/A
Ofgem	Ofgem Approved Meter Installers (OAMI) http://www.ofgem.gov.uk/Networks/Techn/Metrogy/AssetMgmt/OAMI/Documents1/Latest%20Ofgem%20Approved%20Meter%20Installer%20List_OAMI.pdf	18 May	N/A
Ofgem	Ofgem’s Annual Public Session of the Gas and Electricity Markets Authority, Thursday 18th June 2009 Contact: vicky.heard@ofgem.gov.uk	19 May	N/A
National Grid	Consultation Document GB ECM-17 Transmission charging – a new approach http://www.nationalgrid.com/NR/rdonlyres/5348F0B0-8E79-4008-9DEF-5968C266A9DD/34369/GBECM17ConsultationvFINAL_HRCM.pdf	19 May	30 Jun
Ofgem	Direction issued to National Grid Electricity Transmission (“NGET”) by the Gas and Electricity Markets Authority pursuant to paragraph 8 of standard condition C16 (Procurement and use of balancing services) of NGET’s electricity transmission licence http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/20090520DirectionLN.pdf	20 May	N/A



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Issuer	Title / Link	Date	Response Due
Ofgem	CAP170: Category 5 System-to-Generator Operational Intertripping Scheme http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/las/Documents1/090521CAP170IA.pdf	21 May	2 Jul
National Grid	Conclusions Report for the Modification Proposal to the Transmission Network Use of System Charging Methodology and Balancing Services Use of System Charging Methodology – GB ECM-18 – Locational BSUoS http://www.nationalgrid.com/NR/rdonlyres/8C00BEF3-037A-4ADE-BD41-E6F6C285C636/34451/GBECM18Coveringletter.pdf Report: http://www.nationalgrid.com/NR/rdonlyres/B9BD2D45-195A-479F-A369-B5BE6A3D22E9/34447/GBECM18conclusionsdocumentvolume1.pdf (Non Confidential) Industry Responses: http://www.nationalgrid.com/NR/rdonlyres/AEAB153C-DC3A-4816-92EF-2A14ED7554C0/34448/GBECM18conclusionsdocumentvolume2.pdf	22 May	N/A
Ofgem	Equality and Diversity Introduction to our Equality Schemes http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Equality%20scheme%20intro.pdf Race Equality Scheme http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Raceequalityscheme.pdf Gender Equality Scheme http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Genderscheme.pdf Disability Equality Scheme http://www.ofgem.gov.uk/About%20us/Careers/ved/Documents1/Disabilityscheme.pdf	22 May	N/A
Ofgem	Ofgem's response to the DECC Heat and Energy Saving Strategy consultation http://www.ofgem.gov.uk/Sustainability/Documents1/Ofgem%20response%20to%20the%20Heat%20and%20Energy%20Saving%20Strategy%20consultation.pdf	22 May	N/A
Ofgem	Information Provision for 2009/10 System Operator Incentive Scheme: formal information request under paragraph 14 of standard condition C16 of NGET's transmission licence http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Information%20request%20to%20NGET.pdf	26 May (dated 7 May)	N/A



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Issuer	Title / Link	Date	Response Due
Ofgem	National Grid System Operator Incentives from April 2010 http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Open%20Letter%20final.pdf	28 May	N/A
Ofgem	Quarterly Wholesale/Retail Price Report May 2009 http://www.ofgem.gov.uk/Markets/RetMkts/ensuppro/Documents1/Wholesale%20retail%20report%20-%20May.pdf	28 May	N/A

BSC Modifications Decisions

Number	Title	Decision	Implementation Date
P233	Housekeeping Modification – Correction of SSL References, Letters of Credit, Definitions in Section X and Manifest Errors in P215 Legal Text	APPROVE	25 Jun
P234	Housekeeping Modification – Correction of Manifest Errors in P217 Legal Text	APPROVE	5 Nov

