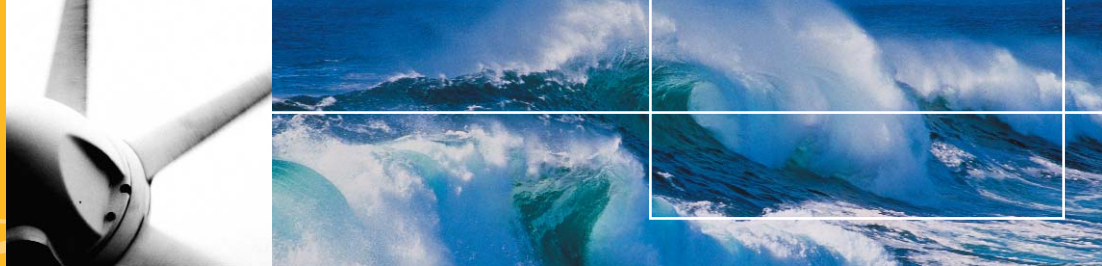


IPA MONTHLY BRIEFING PAPER
February 2008



The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER ECONOMICS

Inside...

Ofgem has launched an investigation into whether the competitive gas and electricity markets are working for all GB customers.

Ofgem has published its Final Proposals for National Grid's gas and electricity System Operator Incentives for 2008/9.

The Pace of Change in Great Britain

This newsletter provides a brief update of the key wholesale electricity market design changes currently being progressed within Great Britain, focusing on February 2008.

The newsletter aims to assist electricity market to keep track of the major consultations that affect the development of the wholesale electricity market. A number of other consultations/decisions that may be relevant are also noted.

This issue covers: Ofgem consultations; publications/announcements by a number of government and other bodies and new BSC and CUSC Modifications, decisions, and related matters. This edition also identifies press releases from the EU that may be relevant to the British electricity wholesale sector.

If readers need further information on any of the issues raised in this briefing note, or would like advice on how these changes and other market developments might affect their company, please contact IPA Energy + Water Economics on 44 (0) 131 240 0840.

HEADLINES

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Ofgem has published its Final Proposals for National Grid's gas and electricity System Operator Incentives for 2008/9.



The Pace of Change in Great Britain

OFGEM PUBLICATIONS

Issue: Change to the “adjustment factor” in SHELTL’s distribution licence to allow recovery of metering costs

Title: Notice of Determination of Adjustment Factor for Scottish Hydro Electric

Published: 4 February (letter dated 23 January)

Link:

<http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Metring/Documents1/SSE%20stranding%20Approval%20Letter%20-%20Final.pdf>

Ofgem has published a letter to Scottish Hydro giving its determination following SH’s request for a change in an adjustment factor in its distribution licence to allow it recover 30% of the “efficient costs incurred or likely to be incurred” as a result of replacement of pre-payment meters.

Issue: Derogation from Standard Licence Conditions 16 and 16A

Title: Response to SSE Generation Licence - Standard Licence Conditions 16 and 16A

Published: 13 February (dated 6 February)

Response due: n/a

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/Response%20to%20SSE%20Generation%20Licence%20-%20Standard%20Licence%20Conditions%2016%20and%2016A.pdf>

Ofgem has published its decision to give SSE Generation Limited a derogation from standard licence condition 16 and notes that 16A has no effect on the licensee.

The formal notification, that follows a request from SSE, states that, because of competing priorities, Ofgem does not have the resources to undertake a consultation on a housekeeping matter and sees no reason to depart from current practice (SSE has had a derogation from these licence conditions since 2000).

Issue: restructuring the standard conditions of the transmission licence to accommodate the introduction of a regulatory regime into offshore areas

Title: Modification of Electricity Transmission Standard Licence Conditions - Way Forward Document

Published: 14 February
Response due: 13 March

Link:

<http://www.ofgem.gov.uk/Networks/Trans/Offshore/ConsultationDecisionsResponses/Documents1/SLC%20Way%20Forward%20Document.pdf>

Ofgem has published a consultation document outlining the changes that it considers need to be made to transmission licences to accommodate new offshore electricity transmission licensees together with some initial views on the modifications to be made by the Secretary of State. The proposals include restructuring and changes to the standard conditions of the electricity transmission licence (including the introduction of an additional section into the transmission licence for owners of offshore transmission networks), and changes to cover the new obligations that will be placed upon the GB System Operator as operator of offshore as well as onshore transmission networks.

Ofgem is to develop the detailed drafting for the modifications, with industry input via an invitation only working group (yet to be established), and its current intention is to consult on the draft modifications twice prior to implementation by the Secretary of State.

The timetable shows the modifications are to be made in December 2008.

Issue: Ofgem clears SP Distribution of discrimination in the provision of non contestable information and services

Title: Case Closure Statement by the Gas and Electricity Markets Authority, following an investigation into alleged non-compliance by SP Distribution Limited with Standard Licence Condition 4C of their Electricity Distribution Licence - 12/08

Published: 15 February



The Pace of Change in Great Britain

Response due: n/a

Link:

<http://www.ofgem.gov.uk/About%20us/enforcement/Investigations/ClosedInvest/Documents1/SPD%20Case%20Closure%20Statement.pdf>

Following a complaint, Ofgem launched an investigation into potential discrimination in the provision of non-contestable information and services by SP Distribution.

The document details the investigation and findings and concludes that...

“There is no evidence which would support a finding that the Licensee had infringed SLC 4C(2)(a) and (c) during the period of the investigation. Accordingly, Ofgem has decided to close its investigation into potential non-compliance of this condition by the Licensee.”

Issue/Title: Ofgem launches probe into energy supply markets

Published: 21 February
Response due: n/a

Link:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/ProbeFINAL.pdf>

Ofgem has issued a press release stating that it has launched an investigation into whether the market is operating effectively for all customer groups in the GB gas and electricity supply markets. Although Ofgem notes that, as stated in its January press release, it has seen no evidence that the market is failing. The probe is being undertaken in response to public concern. The investigation will cover:

- “the customer’s perspective and experience of the market including access to information and barriers to switching supplier;
- suppliers’ market shares, switching rates for different groups of customers (such as online, dual fuel, single fuel and pre-payment);
- the competitiveness of suppliers’ pricing in the different market segments and customer movement between payment types as well as suppliers;

- the relationship between retail and wholesale energy prices; and
- the economics of new entry and the experience of companies trying to enter the energy market. “

Issue/Title: Offshore Transmission Embedded Transmission Working Group (OTETWG) Report

Published: 22 February
Response due: n/a

Link:

http://www.ofgem.gov.uk/Networks/Trans/Offshore/GrpsWrkshops/Documents1/OTETWG_report_final.pdf

OTETWG, the group set up by Ofgem/BERR to look into the detailed arrangements for embedded transmission connection, has published the results of its review. The report group has made a number of detailed recommendations and identified areas requiring further work.

Issue: Extension of licence conditions covering marketing to domestic customers

Title: Regulation of marketing to domestic customers

Published: 22 February
Response due: n/a

Link:

<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/DirectMktng/Documents1/Decision%20Document%20-%20Regulation%20of%20Marketing%20to%20Domestic%20Customers.pdf>

Ofgem has published its decision to extend the duration of Standard Condition 25 (Marketing of Electricity to Domestic Customers) for a further year – to 31 March 2009, or such earlier date as the Authority may direct.

Issue: Proposed drafting for SP’s SF6 incentive scheme agreed as part of the current price control

Title: Notice Under Section 11(2) of the Electricity Act 1989 - SPTL SF6 Incentive Scheme



The Pace of Change in Great Britain

Published: 25 February
Response due: 24 March

Link:

http://www.ofgem.gov.uk/Networks/Trans/PriceControls/TPCR4/ConsultationDecisionsResponses/Documents/1/080212_SPTL%20SECTION%202011_DH.pdf

Ofgem has published proposed drafting for part 4 of Special Condition J5 of Scottish Power Transmission Ltd's Licence relating to the calculation of parameters needed for the operation of the Sulphur Hexafluoride (SF₆) incentive scheme.

Issue: Changes to consumer body representation in light of new legislation coming into effect - Consumers Estate Agents and Redress Act 2007 ("the CEAR Act").

Title: Changes in Consumer Representation - Licence Conditions and Industry Code

Published: 25 February
Response due: 17 March

Link:

[http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Licence%20changes%20open%20letter%20\(final\).pdf](http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Licence%20changes%20open%20letter%20(final).pdf)

Ofgem has published an open letter covering changes that will be required as a result of changes in consumer representation in the energy sector that result from the Consumers Estate Agents and Redress Act 2007 ("the CEAR Act") and seeking ideas on how they might be addressed.

Issue: Licence changes to create a mechanism to allow transmission licenses to recoup costs incurred when paying generators for being disconnected under the provisions of CAP048.

Title: CAP048: Recovering the Costs of Compensation for Temporary Physical Disconnection Section 11 Licence Consultation

Published: 26 February
Response due: 25 March

Link:

http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/080207_CAP048%20Section%202011_FINAL2.pdf

[n%2011_FINAL2.pdf](http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/080207_CAP048%20Section%202011_FINAL2.pdf)

Ofgem has a published formal consultation on its proposals to amend the transmission licences of National Grid Electricity Transmission plc (NGET), Scottish Hydro Electric Transmission Ltd (SHETL) and Scottish Power Transmission Ltd (SPTL) to provide a mechanism for funding of compensation payments to generators in the event of disconnection in accordance with arrangements introduced when CAP048 ("Firm Access and Temporary Physical Disconnection") came into effect on 1 April 2004.

Issue: Ofgem's final proposals for National Grid's gas and electricity system operator incentive arrangements to apply from 1 April 2008.

Title: NG Electricity Transmission and National Grid Gas SO incentives from 1 April 2008

Published: 27 April
Response due: 26 March

Link to final proposals:
http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Final_proposals_main_document.pdf

Link to Modification Notice:
<http://www.ofgem.gov.uk/Markets/WhlMkts/EffSystemOps/SystOpIncent/Documents1/Elec%20Licence%20Modification%20Notice.pdf>

Further to National Grid's consultation and proposals for its incentive scheme (published on 18 February – see below), Ofgem has published its final proposal for consultation. The summary proposals, for electricity, are reproduced below. These differ from National Grid's in having a dead band and lower sharing factors. Under these proposals, National Grid will need to hit a lower target value of incentivised balancing costs (£529m rather than the ££544m it had proposed) before earning any incentive payment.

Ofgem are also proposing to increase the price that applies to transmission losses within the incentive arrangement to £62/MWh (which includes a £6 uplift from forward market prices for the "shadow cost of carbon") from the current level of £29/MWh.

Ofgem has also asked National Grid to look into why the volume of transmission losses has increased recently and to report on this by the end of June this year.



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IBC target	Upside (reward to NGET if costs below target)		Downside (payment by NGET if costs above target)	
£m	Sharing factor	Cap (£m)	Sharing factor	Floor (£m)
529	-	25	25	-15
544				

If National Grid accept these proposals they will come into effect on 1 April 2008. If not, Ofgem indicate that they will either need to consult again, refer the issue to the Competition Commission, or rely on direct regulation using existing powers.

LICENCES

NOTICES OF ELECTRICITY LICENCES APPLIED FOR IN FEBRUARY

Company/Licence: **Imera Hydragrid Limited** - Electricity Interconnector (UK-Belgium) Licence

Notice issued/licence applied for: 14 February /12 February

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/AppNotices/Documents1/Imera%20UK%20-%20Belgium%20application%20notice.pdf>

Company/Licence: **EDF Energy (IDNO) Limited** - electricity distribution licence

Notice issued/licence applied for: 22 February

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/AppNotices/Documents1/EDF%20IDNO.pdf>

GOVERNMENT AND OTHER BODIES

BERR

Issue: New and renewed appointments to the Authority

Title: Appointments announced for Energy regulator

Published: 4 February
Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=350192&NewsAreaID=2>

Sir John Mogg is to serve a second five year term as non executive Chairman. Andrew Wright, whose appointment as Ofgem's managing director of Markets was announced in November 2007, has been appointed as an executive member and Judith Hanratty has been reappointed as a non-executive.

Issue: New report from the Renewables Advisory Board that provides an assessment of the progress with developing and demonstrating wave and tidal stream power.

Title: Marine renewables: current status and implications for R&D funding and the Marine Renewables Deployment Fund

Published: 7 February
Response due: n/a

Link to report: <http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?t=126>

Link to report: <http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?t=126>

The RAB has published a report on progress in developing and demonstrating wave and tidal stream power.

Issue: Consultation on guidance for operators of new nuclear plant on decommissioning and waste costs

Title: Clean up fund is precondition for new nuclear – Hutton/Consultation on funded decommissioning programme guidance for new nuclear power stations

Published: 22 February
Response due: 16 May 2008

Link to report: <http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=354629&NewsAreaID=2>

Link to consultation: <http://www.berr.gov.uk/consultations/page44784.html>



The Pace of Change in Great Britain

BERR has issued a consultation on the proposed guidance for operators of new nuclear power stations. The guidance is in two parts: Part 1 - Decommissioning and Waste Management Plan Guidance; and Part 2 - Funding Arrangement Plan Guidance.

Issue: S 36 Consent for three new wind farms

Title: Powering on: Three new wind farms granted consent by Energy Minister

Published: 28 February
Response due: n/a

Link:

<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=356205&NewsAreaID=2>

BERR has published a press release announcing grant of S36 consent for three new wind farms:

- Keadby, North Lincolnshire (85 MW /34 turbines Renewable Energy Systems Ltd (RES));
- Thorne, South Yorkshire (66MW/22 turbines E.ON UK Renewables Limited (E.ON)); and
- Gunfleet Sands II planned for the Thames Estuary (off shore) (64 MW/22 turbines DONG Energy Limited.

BERR Committee

Issue/Title: NEW INQUIRY: Committee to investigate possible anti-competitive behaviour in the UK's energy market

Published: 5 February
Written evidence to be submitted to the Committee by: 1 April 2008

Link:

http://www.parliament.uk/parliamentary_committees/berr/berrpn19_0708.cfm

The Business, Enterprise and Regulatory Reform Committee has announced a "full scale inquiry into the structure of the energy market".

The press release states that the issues Committee intends to consider, among others, are:

- *"Whether the current market structure encourages effective competition in the retail markets for gas*

- and electricity;*
- *Whether there is effective competition in the wholesale markets for gas and electricity;*
- *The implications of growing consolidation in the energy market;*
- *The relationship between the wholesale and retail markets for electricity and gas;*
- *The interaction between the UK and European energy markets;*
- *The effectiveness of regulatory oversight of the energy market; and*
- *Progress in reducing fuel poverty and the appropriate policy instruments for doing so.*

DEFRA

Issue/Title: EU Emissions Trading Scheme: UK - Results 2006 Report

Published:
Response due: n/a

Link to report:
<http://www.defra.gov.uk/environment/climatechange/trading/eu/results/pdf/euets-ukresults-2006.pdf>

Link to Sector summary:
<http://www.defra.gov.uk/environment/climatechange/trading/eu/results/pdf/sectorsummary-results2006.pdf>

DEFRA has published a report giving information, for 2006, on performance under the EU ETS. The paper summarises the results for UK installations in the second year of trading (2006) and the key factors that influenced emissions and sector surpluses/deficits. It also outlines results from other Member States, and draws some initial conclusions from the operation of the second year of the scheme.

Workshop: Carbon Reduction Commitment (CRC)

When: Friday 7th March (Café Royal, 68 Regent Street, London)

Purpose: stakeholder workshop to discuss Government's response to the Consultation on Implementation Proposals for the CRC due to be published at the end of February.

Contact: crc@defra.gsi.gov.uk by 4 February



The Pace of Change in Great Britain

Issue: Announcement of the first five members to be appointed to the new Climate Change Committee being established under the new Climate Change Bill

Title: Founding members of Committee on Climate Change appointed

Published: 22 February
Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=354735&NewsAreaID=2>

DEFRA has announced the first five members of the Committee (who join the newly-appointed Chair designate Adair Turner): scientists Sir Brian Hoskins and Lord Robert May; technologist Professor Jim Skea; and economists Dr Sam Fankhauser and Professor Michael Grubb. will make up the new Committee

NFPA

Issue/title: e-POWER AUCTION RESULTS - 13 FEBRUARY 2008

Published: 13 February
Response due: n/a

Link: <http://www.nfpa.co.uk/>

Average prices, by technology band, from the e-power auction held on 13 February are reproduced below.

Technology Band	Average Price
MIW	5.31p/kWh
Wind	10.60p/kWh
Hydro	10.00p/kWh
Landfill Gas	10.88p/kWh

GB SO

Issue: New CUSC application forms following implementation of CAP152 to CAP155 that clarified/improved the exhibits to the CUSC.

Title: New Application forms

Effective from: 14 February

Response due: 14 February

Various new CUSC application forms are now in use.

Links:
Exhibit B - Connection Application - For Directly Connected Power Stations, Non Embedded Customers and Distribution Systems directly connected to the GB Transmission System
<http://www.nationalgrid.com/NR/ronlyres/70F60213-EC10-42C1-BB21-7F604AAB71C6/23510/ExhBV17w.doc>
Exhibit D Use of System Application - For Embedded Generators, Distribution Interconnector Owners and Small Power Station Trading Parties
<http://www.nationalgrid.com/NR/ronlyres/0FDA9A03-3AAA-490D-9665-51DB803155D4/23513/ExhDV16w.doc>
Exhibit F Use of System Application - For Suppliers, Interconnector Users, or Interconnector Error Administrators
<http://www.nationalgrid.com/NR/ronlyres/2865A615-55E4-4BBC-9B6A-F50ABE7BDCDC/23518/ExhFV16w.doc>
Exhibit I - Modification Application
<http://www.nationalgrid.com/NR/ronlyres/CD226A3C-F87F-404C-BAF3-059F4604CFA2/23521/ExhIV18.doc>

Issue/Title: National Grid Gas and Electricity System Operator Incentives Initial Proposals Consultation Report

Published: 18 February
Response due: n/a

Link:
http://www.nationalgrid.com/NR/ronlyres/13A633A2-CE26-47E8-86A6-43A15755F0B8/23615/SOincentivesconsultationreport_final1.pdf
Link to Ofgem's final proposals:
http://www.ofgem.gov.uk/Markets/WhIMkts/EffSystemOps/SystOpIncent/Documents1/Final_proposals_main_doc.pdf

National Grid has published its proposals for its 2008/9 System Operator Incentives following its assessment of the response to the proposals it published for consultation in December (response due date 25 January) and discussion at its 10 January workshop. Slides from the workshop can be found at: <http://www.nationalgrid.com/NR/ronlyres/B43A8E88-67EE-4C02-9B27->



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[2BA2F03924B4/22632/InitialProposalsWorkshopslides100108.pdf](http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=356205&NewsAreaID=2)

National Grid's proposal for electricity, which it states is "based on the scheme structure preferred by the majority of respondents, with the addition of equal sharing factors" is reproduced below.

Target £m	Upside sharing Factor, %	Cap, £m	Downside Sharing Factor, %	Collar, £m	Deadband?	Indexation
544	30	15	30	15	No	No

Ofgem's final proposals were published on 27 February and differ from the above in that they include a deadband (£529m - £544m) and lower sharing factors (25%).

Issue: National Grid consultation seeking views on possible options for modifying the charging arrangements to improve the cost reflectivity where generators opt for non standard design for local assets that not treated as part of the generator's connection under the shallow charging methodology.

**Title: PRE-CONSULTATION DOCUMENT
GBECM-11 Charging Arrangements for Generator Local Assets**

Published: 27 February
Response due: 27 March

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=356205&NewsAreaID=2>

National Grid has published a "pre-consultation" setting out possible options for improving the cost reflectivity of charging arrangements where generators opt for variations to the standard design in respect of assets that are local to the generation connection.

THE EUROPEAN UNION - ELECTRICITY INDUSTRY RELATED PRESS RELEASES (TITLES & LINKS ONLY)

Brussels, 6 February 2008

European Commission and World Energy Council discuss the challenges of a sustainable energy future

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/189&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 13 February 2008
Commissioner Piebalgs meets stakeholders in Germany to discuss the climate and energy package

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/224&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 15 February 2008
Climate change: Swift adoption of Commission proposals by Council and EP will help achieve Kyoto targets

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/246&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 27 February 2008
Energy Council

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/127&format=HTML&aged=0&language=EN&guiLanguage=en>

Speech 28 February
**Stavros Dimas (Member of the European Commission, responsible for environment)
The Climate Action and Renewable Energy Package**

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/113&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 29 February 2008
Preparation Environment Council, 3 March 2008

Link:
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/08/134&format=HTML&aged=0&language=EN&guiLanguage=en>



The Pace of Change in Great Britain

[EN&guiLanguage=en](#)

EREG (The European Regulators Group for Electricity and Gas) – industry related press releases (links and titles)

27 February

The Regional Initiatives – Europe’s key to energy market integration Joint Conference by the European Commission and ERGEG

- 3rd package means key role for the Regional Initiatives and EU Agency
- Concrete results – transparency, relieving congestion and access to capacity, interconnection, TSO and regulatory cooperation on cross border issues
- Industry and Member State’s active involvement in Regional Initiatives is crucial

Link: http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_INITIATIVES/Regional_Initiativ es_Conferences/2008_RI_Conference/Programme/PR-08-02_Regional_Initiatives_Key_EU-Integration_27-02-2.pdf

GB SO

Issue/Title: 2008 DRAFT Statement of the Connection Charging Methodology and Statement of the Use of System Charging Methodology

Published: 6 February
Response due: 7th March

Link to Connection Charging Methodology : <http://www.nationalgrid.com/NR/rdonlyres/C3DD8FF8-2EBB-4BD8-BA85-F2BB9E3B0602/23204/GBCCMI4R0ChangeMarkedDraft.pdf>

Link to UoS Methodology: <http://www.nationalgrid.com/NR/rdonlyres/B929A895-C56B-4E37-9BF6-33F01E08988A/23207/UoS CMI4R0ChangeMarkedDraft.pdf>

National Grid has published draft charging methodology statements for comment.

THE BSC AND CUSC

BSC – joiners and leavers in January

Joiners...

Vattenfall Trading Services GmbH as a Non Physical Trader and Interconnector User
Louis Dreyfus Energy Services L.P. as a Non Physical Trader

Leavers....

Cinergy Global Trading Limited

Modification decisions

- **P221 (Amendments to the Balancing and Settlement Code to reflect changes to the Fuel Security Code (FSC))**

Decision: APPROVE
Panel Recommendation: Approve

Decision date: 22 February
Implementation date: 25 February 2008

The modification makes a number of changes to Section G (Contingencies) and X (Definitions and Interpretation) of the BSC to align it with the revised Fuel Security Code

- **P222 (Main imbalance price based on market reference price)**

Decision: REJECT
Panel Recommendation: reject

Decision date: 29 February
Implementation date: n/a

The modification proposed changing the calculation of the “main” energy imbalance to Market Index Price +5% for System Buy Price when the system is short and -5% for System Sell Price when the system is long.

Other BSC Modification Business

Issue: Deferred timescales for decisions on P211 to allow it to be considered with P217 – both of which deal with changes to the calculation of imbalance prices to address the same defect.



The Pace of Change in Great Britain

Title: Open letter on BSC modification proposals P211 and P217

Published on: 29 February

Link:
http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCCode/BSC/Documents1/P211%20delay%20decision%20letter%20DRAFT%20FINAL%20_2_.pdf

Ofgem has published an open letter stating its intention to delay its decision on P211 (Main imbalance price based on ex-post unconstrained schedule) until October 2008 so that it can be considered alongside P217 (Revised Tagging Process and Calculation of Cash Out Prices). In its letter Ofgem expresses disappointment that P217 was not raised much earlier and that it finds itself in the position of needing to delay its decision because of the need to consider issues in the two modifications proposals together. The letter goes on to state that *"We think that this provides evidence of a failure in the existing industry governance process"*.

New Modifications

- **P222 Provision of EAC and AA data to Distributors**

Raised by: The Electricity Network Company Limited
On: 1 February

Link (to IWA):
http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2008_-_137_-_Papers/137_08_P222IR10.pdf

The Modification proposes changes that would allow DSOs (Distribution Companies) to receive certain data flows from the non-half hourly data collector.

CUSC Amendment Proposals - Decisions

- CAP159 "Arrangements for CUSC Mid- Term elections"

Decision: APPROVE
Panel Recommendation: approve

Decision date: 27 February
Implementation date: 27 February

Link to decision:
<http://www.nationalgrid.com/NR/ronlyres/D47B02AC-DE06-43CC-89E5-D86531CC2AA3/23829/CAP159D.pdf>

The CAP changes the CUSC to allow an election to be held for a new CUSC Panel member, and Alternates, within the two year term for CUSC Panel Members if (as has happened) a Panel Member has resigned with more than six months remaining in the current term and there are no CUSC Alternative members available to replace them.

CUSC Panel Election

Further to the approval of CAP 159, National Grid has issued an invitation for nominees for the posts of CUSC Panel Member and Alternates to fill the current vacancy (existing Panel Members will continue in post until the end of their two year term).

The timetable for the election is as follows:

- Nominations to be received by National Grid by 5pm 20 March
Candidates and voting papers circulated by 27 March
- Voting Papers to be submitted by 5pm 18 April
- Results will be published no later than 31 May
- Successful candidate(s) appointed when notice of the results is published.

IPA Disclaimer

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

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The Pace of Change in Great Britain

SUMMARY OF FEBRUARY 2008 CONSULTATIONS & NEW BSC AND CUSC MODS 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.

Carried forward from previous editions....		Issued	Response Due
Conservative Party	<p>Title: Power to the People The decentralised energy revolution</p> <p>Link (see "power to the people" under related files): http://www.conservatives.com/tile.do?def=news_story.page&obj_id=141056</p>	6 December	Not specified
DEFRA	<p>Title: Government consults on how Emissions Trading auctions will be implemented</p> <p>Link to consultation: http://www.defra.gov.uk/corporate/consult/euets-phase2auction/consultation.pdf</p> <p>Link to PR: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=340883&NewsAreaID=2</p> <p>Link to consultation page on DEFRA website: http://www.defra.gov.uk/corporate/consult/euets-phase2auction/index.htm</p>	21 December	14 March
<p>New in February ... (this does not include all the details of licence notices/modifications/applications/revocations/licences granted or EU press releases or code issues)</p>			
Ofgem	<p>Title: Notice of Determination of Adjustment Factor for Scottish Hydro Electric</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Metering/Documents1/SSE%20stranding%20Approval%20Letter%20-%20Final.pdf</p>	4 February	n/a
BERR	<p>Title: Appointments announced for Energy regulator</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=350192&NewsAreaID=2</p>	4 February	n/a



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BERR	<p>Title: Marine renewables: current status and implications for R&D funding and the Marine Renewables Deployment Fund</p> <p>Link to PR: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=350899&NewsAreaID=2</p> <p>Link to report: http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?t=126</p>	7 February	n/a
Ofgem	<p>Title: Response to SSE Generation Licence - Standard Licence Conditions 16 and 16A</p> <p>Link: http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/Response%20to%20SSE%20Generation%20Licence%20-%20Standard%20Licence%20Conditions%2016%20and%2016A.pdf</p>	Published: 13 February (dated 6 February)	n/a
Ofgem	<p>Title: Modification of Electricity Transmission Standard Licence Conditions - Way Forward Document</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/Offshore/ConsultationDecisionsResponses/Documents1/SLC%20Way%20Forward%20Document.pdf</p>	14 February	13 March
Ofgem	<p>Title: Case Closure Statement by the Gas and Electricity Markets Authority, following an investigation into alleged non-compliance by SP Distribution Limited with Standard Licence Condition 4C of their Electricity Distribution Licence - 12/08</p> <p>Link: http://www.ofgem.gov.uk/About%20us/enforcement/Investigations/ClosedInvest/Documents1/SPD%20Case%20Closure%20Statement.pdf</p>	15 February	n/a
GB SO	<p>Title: National Grid Gas and Electricity System Operator Incentives Initial Proposals Consultation Report</p> <p>Link: http://www.nationalgrid.com/NR/rdonlyres/13A633A2-CE26-47E8-86A6-43A15755F0B8/23615/SOincentivesconsultationreport_final1.pdf</p>	18 February	n/a Ofgem's "Final proposals" are expected: "end of February"



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Ofgem	<p>Title: Ofgem launches probe into energy supply markets</p> <p>Link: http://www.ofgem.gov.uk/Media/PressRel/Documents1/ProbeFINAL.pdf</p>	21 February	n/a
Ofgem	<p>Title: Offshore Transmission Embedded Transmission Working Group (OTETWG) Report</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/Offshore/GrpsWrkshops/Documents1/OTETWG_report_-_final.pdf</p>	22 February	n/a
BERR	<p>Title: Clean up fund is precondition for new nuclear – Hutton/Consultation on funded decommissioning programme guidance for new nuclear power stations</p> <p>Link to PR: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=354629&NewsAreaID=2 Link to consultation: http://www.berr.gov.uk/consultations/page44784.html</p>	22 February	16 May
Ofgem	<p>Title: Regulation of marketing to domestic customers</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/DirectMktng/Documents1/Decision%20Document%20-%20Regulation%20of%20Marketing%20to%20Domestic%20Customers.pdf</p>	22 February	n/a
Ofgem	<p>Title: Notice Under Section 11(2) of the Electricity Act 1989 - SPTL SF6 Incentive Scheme</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/PriceControls/TPCR4/ConsultationDecisionsResponses/Documents1/080212_SPTL%20SECTION%202011_DH.pdf</p>	25 February	24 March
Ofgem	<p>Title: Changes in Consumer Representation - Licence Conditions and Industry Code</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Licence%20changes%20open%20letter%20(final).pdf</p>	25 February	17 March



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Ofgem	<p>Title: CAP048: Recovering the Costs of Compensation for Temporary Physical Disconnection Section 11 Licence Consultation</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/080207_CAP048%20Section%2011_FINAL2.pdf</p>	26 February	25 March
Ofgem	<p>Title: NG Electricity Transmission and National Grid Gas SO incentives from 1 April 2008</p> <p>Link to final proposals: http://www.ofgem.gov.uk/Markets/WhIMkts/EffSystemOps/SystOpIncent/Documents1/Final_proposals_main_doc_.pdf</p> <p>Link to Modification Notice: http://www.ofgem.gov.uk/Markets/WhIMkts/EffSystemOps/SystOpIncent/Documents1/Elec%20Licence%20Modification%20Notice.pdf</p>	27 February	26 March
NGET	<p>Title: PRE-CONSULTATION DOCUMENT GBECM-11 Charging Arrangements for Generator Local Assets</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=356205&NewsAreaID=2</p>	27 February	27 March
BERR	<p>Title: Powering on: Three new wind farms granted consent by Energy Minister</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=356205&NewsAreaID=2</p>	28 February	n/a
Ofgem	<p>Title: Open letter on BSC modification proposals P211 and P217</p> <p>Link: http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCode/BSC/Documents1/P211%20delay%20decision%20letter%20DRAFT%20FINAL%20_2_.pdf</p>	29 February	n/a



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SUMMARY OF FEBRUARY 2008 NEW BSC AND CUSC MODS AND DECISIONS

New BSC Mod		Raised by:	On:
P222	Provision of EAC and AA data to Distributors Link (to IWA): http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/BSC_Panel_Meetings_2008_-_137_-_Papers/137_08_P222IR10.pdf	The Electricity Network Company Limited	1 February
BSC decisions (approve)		Approved on:	Implement on:
P221	Amendments to the Balancing and Settlement Code to reflect changes to the Fuel Security Code (FSC) Decision: APPROVE Panel Recommendation: approve	22 February	25 February 2008
BSC decisions (reject)		Rejected on:	
P222	Main imbalance price based on market reference price Panel Recommendation: reject	29 February	
CUSC Decisions (approve)		Approved on:	Implement on:
CAP159	Arrangements for CUSC Mid-Term elections Decision: APPROVE Panel Recommendation: approve	27 February	27 February

