

# 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 June 2007.

The newsletter aims to assist electricity market participants who already have a good broad understanding of the GB electricity trading arrangements, and the key documents that underpin them, 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; the EU Emissions Trading Scheme; consultations and reports by National Grid (NGET), 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 Consulting on 0131 240 0840.

## HEADLINES

- Ofgem Publishes review of activity in the domestic retail market
- Ofgem/BERR publish a policy statement on the offshore transmission licensing and regulatory regime
- Ofgem publishes an open letter on the Transmission Access Review (TAR)
- Transmission Access Review Group publishes report on the treatment of transmission access and distributed generation



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## Ofgem Issues and Consultations

**Issue:** New standards for handling customers' complaints

**Title:** Complaint Handling Standards

Issued: 3 July

Response due: 10 August

Link :

<http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/Complaints%20Handling%20Standards%20Open%20Letter.pdf>

Under new legislation going through Parliament, Ofgem will be required to set standards of performance for complaint handling for gas and electricity customers. In preparation for this, Ofgem has published an open letter initiating a consultation process that delivers a new set of complaint handling standards to meet the requirement.

**Issue/Title:** Domestic suppliers: social obligations annual reporting for 2006

Issued: 4 July

Response due: n/a

Link:

<http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/COPMonitor/Documents1/Monitoring%20Company%20Performance,%20Annual%20Report%202006.pdf>

Ofgem has published its annual report on the performance of suppliers of domestic customers in relation to their social obligations and broader trends affecting vulnerable customers. The report indicates that issues identified in the report will be taken forward as part of Ofgem's Social Action Strategy work plan for the coming year.

**Issue/Title:** Review of activity in the domestic retail energy market over the last twelve months

Issued: 4 July

Response due: n/a

Link:

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx>

[?file=DRMR%20March%202007doc%20v9%20-%20FINAL.pdf&refer=Markets/RetMkts/Compet](http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/DRMR%20March%202007doc%20v9%20-%20FINAL.pdf?file=DRMR%20March%202007doc%20v9%20-%20FINAL.pdf&refer=Markets/RetMkts/Compet)

Ofgem has published a review of the state of the domestic retail market in the previous year. The report concludes that "all segments of the market remain highly competitive and not just for customers who pay by direct debit or online".

The key findings are:

- "Vigorous price competition between the big six suppliers for all customers - the spread between prices has shrunk and the most expensive suppliers have been forced to become more competitive to stem customers losses
- Suppliers are innovating to retain and win customers - there has been rapid growth in: fixed and capped price deals that shield customers from rising wholesale prices; cheaper online deals; and green tariffs. They now account for roughly 20% of the market
- Customer service is improving: suppliers are investing huge sums to improve their systems and 5 suppliers have cut the number of unresolved complaints
- Annual customer switching rates are at the highest in 4 years".

**Issue/Title:** Switching Rates for Vulnerable Customers  
Summary Report March 2007

Issued: 4 July

Response due: n/a

Link:

<http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/Switching%20Rates%20for%20Vulnerable%20Customers%20Report.pdf>

Ofgem has published research by MORI into customer switching rates.

**Issue:** Modification of the Supply Licence Standard Conditions following the review

**Title:** Modification of the Standard Conditions of the Electricity Supply Licence under Section 11a



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of the Electricity Act 1989 Notice of reasons for the Decision to Modify the Standard Conditions of Electricity Supply Licence under Section 49a of the Electricity Act 1989

Issued: 6 July  
Effective From: 1 August

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Electricity%20Supply%20Licence%20Modification%20under%20S11A.pdf>

Ofgem has published a formal notice of the changes to the Standard Conditions of the Electricity Supply Licence following the review. The old condition (SLC14) relating to the Fuel Security Code has been retained because Ofgem indicates that the new Fuel Security Code will not have been designated at the point the new conditions come into effect. However this provision will be deleted when the new code is designated.

Issue: Changes to YEDL's and NEDL's distribution licences to give effect to Ofgem's decision to reduce their allowed income following the investigation into reporting under the quality of supply incentive.

Title: Section 11 Of The Electricity Act 1989 Modification of the Distribution Licence Granted or treated as Granted under Section 6(L)(C) of the Electricity Act 1989 to Yorkshire Electricity Distribution Plc, and Section 49a of the Electricity Act 1989

Notice of reasons for the Decision of the Gas and Electricity Markets Authority to modify the Distribution Licence granted or treated as granted to Yorkshire Electricity Distribution Plc

Title: Section 11 Of The Electricity Act 1989 Modification of the Distribution Licence Granted or treated as Granted under Section 6(L)(C) of the Electricity Act 1989 to Northern Electric Distribution Ltd, and Section 49a of the Electricity Act 1989

Notice of reasons for the Decision of the Gas and Electricity Markets Authority to modify the Distribution Licence granted or treated as granted

to Northern Electric Distribution Ltd

Issued: 12 July  
Effective from: April 2007

Link to YEDL notice:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20YEDL%20Modification%20Special%20Condition%20C2.pdf>

Link to NEDL notice:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20NEDL%20Modification%20Special%20Condition%20C2.pdf>

Ofgem has published formal notices of changes to YEDL's and NEDL's distribution licences that will reduce the quality of service incentive revenue the licensee will receive in the year commencing 1 April 2007 to give effect to Ofgem's decision following its investigation into reporting under the quality of supply incentive.

Issue: Britned Interconnector licence: 25 year exemption from the licence conditions relating to use of revenues and third party access.

Title: Regulatory arrangements for new Dutch-GB Electricity Interconnector

Issued: 12 July  
Response due: n/a

Link:  
<http://www.ofgem.gov.uk/Markets/WhIMkts/CompanDef/TPAccess/Documents1/BritNed%20Decison%20letter%2012%20July.pdf>

Following its granting of an interconnector licence to Britned earlier this month, Ofgem has issued an open letter giving its reasons for granting an exemption to Britned from standard conditions 9,10 and 11 of the interconnector licence and Article 6(6) of Regulation (EC) No 1228/2003 for 25 years. These conditions relate to the use of revenues and third party access. The letter also indicates that the EC have been notified of the decision to grant this exemption and now has two months in which it can request that Ofgem withdraw or amend the exemption.

Issue: Ofgem consultation on a new licence condition on standards for provision of non contestable services by DNOs and associated



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guidance.

**Titles: Standard Licence Condition 4F – Standards for the provision of non-contestable connection services (“SLC 4F” – Formal licence modification)**

**Standard Licence Condition 4F Guidance Document - Version 1**

Issued: 13 July  
Response due: 10 August

Link to guidance document:

<http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/18107%20Consultation%20on%20Guidance%20SLC4F.pdf>

Link to open letter:

<http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC%204F%20consultation.pdf>

Link to formal consultation on licence change:

[http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC\\_4F\\_consultation.pdf.pdf](http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC_4F_consultation.pdf.pdf)

Ofgem has published a consultation on a new distribution licence condition on standards for the provision of non-contestable services and information to be reported by distribution companies and associated guidance.

**Issue: Formal Notice of Modification to the transmission licence to SLC 9 (Functions of the Authority)**

**Title: Modification of the Standard Conditions of Electricity Transmission Licences treated as granted under Section 6(1)(b) of the Electricity Act 1989**

**Notice of reasons for the decision to modify the Standard Conditions of Electricity Transmission Licences under Section 49A of the Electricity Act 1989**

Issued: 18 July  
Effective: 18 July

Link :

[http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/070718\\_ex\\_C9ModificationNoticeFINAL\\_LN.pdf](http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/070718_ex_C9ModificationNoticeFINAL_LN.pdf)

Ofgem has given formal notice of changes to the Transmission Licence, that came into effect on 9 July, that introduce the same rights of referral to the Authority for applications made under SLC C18 (‘Requirement to offer terms for connection or use of the GB transmission system during the transition period’) as are available for applications made for connections under other Licence Conditions (SLC C8 (‘Requirement to offer terms’) and SLC 9 (‘Functions of the Authority’)).

**Issue/Title: Ofgem Annual Report 2007/2007**

Issued: 23 July  
Response due: n/a

Link to:

<http://www.ofgem.gov.uk/About%20us/annlrprt/Documents1/Ofgem%20Annual%20Report%202006-07.pdf>

Ofgem has published its annual report for 2006 – 2007.

**Issue: Statement on an investigation by Ofgem into a potential breach by LPN, EPN and SPN of Condition 4C (2) of their distribution licences**

**Title: Case Closure Statement by the Gas and Electricity Markets Authority, following an investigation into non-compliance by EDF Energy Networks (LPN) plc, EDF Energy Networks (EPN) plc and EDF Energy Networks (SPN) plc with Standard Licence Condition 4C of their Electricity Distribution Licences 13 July 2007**

Issued: 24 July  
Response due: n/a

Link:

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

Ofgem has published its findings following an investigation into a potential breach of SLC 4C by EPN and SPN following a complaint from an Independent Network Operator that the licensees were engaging in practices which discriminated against it, in breach of SLC 4C (2).

The statement that states .....“Having taken full account of all relevant evidence available to it, the Authority considers that there is insufficient evidence to show that the Licensees were acting in breach of their



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*obligations under SLC 4C (2)(a) during the relevant period. Accordingly, no final or provisional order will be issued at this time."*

However, Ofgem expresses concern about the level of competition in the Licensees' areas and the statement sets out the additional actions Ofgem is to take to investigate this including "specific examination into the reason for the low levels of competition, within the Licensees' areas, which were identified in the course of the investigation".

The statement goes on to say that "depending on the outcome of the review, Ofgem may take enforcement action if it is satisfied that the Licensees may be contravening any of their licence obligations, or may consider other action as appropriate."

**Issue: Initial proposals for the offshore transmission licensing and regulatory regime**

**Title: Offshore Electricity Transmission – A Joint Ofgem/BERR Policy Statement**

Issued: 25 July  
Response due: 5 September

Link to:  
<http://www.ofgem.gov.uk/Networks/Trans/Offshore/ConsultationDecisionsResponses/Documents1/Offshore%20Policy%20statement%20FINAL.pdf>

Ofgem/ BERR (previously the DTI) have issued a joint statement setting out initial proposals for the offshore transmission licensing and regulatory regime.

The statement covers the key elements of the new regulatory regime (competitive tenders for an OFTO (Offshore Transmission Owner) who would design/build/finance/maintain offshore assets, with transitional arrangements for generators already constructing transmission assets) and other key issues including:

- Connection to the on-shore network (with a longer connection application process);
- Charging/access and compensation (which includes linking the OFTO incentive payments to compensation payments to offshore generators); and
- Technical rules changes.

The consultation indicates that Ofgem would be responsible for making key selection decisions, and managing the OFTO tender process.

The current intention is for the new regime to "go-active" in October 2008 to allow for changes to the licences, codes and agreements and to make the regulations necessary to award licences, with "go-live" happening in October 2008.

**Issue/Title: Transmission Access Review (TAR) – Open Letter to Industry**

Issued: 26 July  
Response due: n/a

Link to:  
[http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/070725\\_Ex\\_TAR%20Open%20Letter%20and%20TOR%20No%20Signature\\_DH3.pdf](http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/070725_Ex_TAR%20Open%20Letter%20and%20TOR%20No%20Signature_DH3.pdf)

Ofgem has published an open letter initiating a joint BERR/Ofgem review of the framework for accessing the GB transmission system. The Terms of Reference state that the objective of the review is to develop proposals, consistent with Government's energy policy goals, for changes to "better support" connection of renewable generation and support delivery of Government's aspirations for renewable energy and any European targets.

The scope of the review is very wide ranging. Deliverables include an interim report in December and a final report in May 2008. Ofgem is also tasked with providing a report to GEMA and the Secretary of State, by September 2007, on the current programme of work being progressed under existing governance arrangements.

**Issue: Restrictions on the ability to use the objection process during change of supplier in the non-domestic market**

**Title: Modifying the arrangements for the use of objections in the non-domestic market for gas and electricity supply**

Issued: 27 July  
Response due: 7 September

Link to:  
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/non%20domestic%20objections.pdf>

Ofgem has published an open letter seeking views on the "use of objections and re-contracting in the non-



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domestic market” and setting out its proposals (and licence drafting) for changes to protect the switching process and clarify the timing and basis on which objections may be raised.

**Issue:** Formal notification that Ofgem will undertake an Impact Assessment on CAP 131

**Title:** Connection and Use of System Code Amendment Proposal 131: User Commitment Impact Assessment

Published (dated 27 July): 30 July  
Response due: n/a

Link to:

[http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/ias/Documents1/070730\\_CAP131\\_IA\\_Letter.PDF](http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/ias/Documents1/070730_CAP131_IA_Letter.PDF)

Ofgem has published an open letter confirming that it will be undertaking an Impact Assessment on proposals being brought forward under CAP 131 (covering the securities prospective generators are required to post before they connect to the transmission network). The IA consultation is planned for September 2007 with a decision by the end of the year.

**Issue:** Publication of the report by the Transmission Access Review Group on treatment of transmission access and distributed generation

**Title:** Transmission Arrangements for Distributed Generation - Working Group Report and Next Steps

Issued: 30 July  
Response due: n/a

Link to page providing link to open letter and report and associated documentation:

[http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=070730\\_TADG\\_Covering\\_Letter\\_final.pdf&refer=Networks/Trans/ElecTransPolicy/TADG](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=070730_TADG_Covering_Letter_final.pdf&refer=Networks/Trans/ElecTransPolicy/TADG)

Ofgem has published the report from the TADG (Transmission Access Development Group) that was established to develop ideas on transmission access arrangements for distributed generation.

The report is accompanied by an open letter that sets out some of Ofgem's initial thinking on this issue. In brief:

- there is a case for changing the current arrangements (reasons include cost-reflectivity, allocation of transmission access and commercial proportionality);
- the current level of the TNUoS embedded benefit is not correct with the implication that the current benefit is too big (although it is noted that distribution connected generation should face lower transmission charges than transmission connected generation). The letter also notes that changes to the transmission arrangements could also affect other embedded benefits;
- that models based on local “net” export solutions (netting of local generation and demand before application of charges) are not appropriate but notes that this already occurs on private networks;
- that some form of agency model is appropriate as a means of reducing the admin burden on DG and to take account of generation diversity;
- there is a need for changes to be implemented by April 2008, when the small generation discount will expire; and
- it is for industry to decide whether to propose changes.

The report itself sets out and assesses four different models.

- A DNO agency model with charges applicable to net exports at individual GSPs and charged out to DG on the basis of connection voltage.
- A DNO agency model with charges applicable to net exports at individual GSPs and charged out to all DG contributing to export.
- A supplier agency model with charges applicable to net exports from suppliers over each GSP group.
- A supplier agency model with charges applicable to gross generation exports from suppliers at individual GSPs.

## Notices of Electricity Licences applied for in July

**Company/Licence:** Deeside Power Limited/ Generation licence.

**Notice published /licence applied for:** 2 July/30 June

Link:



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<http://www.ofgem.gov.uk/Licensing/Work/Notices/AppNotices/Documents1/Gen%20licence%20appl%20notice.pdf>

Company/Licence: Thor Cogeneration Limited / Generation licence.

Notice published /licence applied for: 25 July

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/AppNotices/Documents1/Thor%20Cogeneration%20-%20Gen%20Licence%20Notice.pdf>

Company/Licence: Helius Energy Alpha Limited / Generation licence.

Notice published /licence applied for: 23 July/17 July

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

## Notices of Electricity Licences Granted

Company / Licence: Britned Development Limited / Electricity Interconnector Licence

Notice published: 12 July  
Effective from: 11 July

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/Britned%20website%20notice.pdf>

Company / Licence: Morgan Credit Limited / Generation Licence

Notice published: 16 July  
Effective from: 10 July

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/morgan%20website%20notice.pdf>

Company / Licence: Spark Energy Supply Limited / domestic electricity supply licence

Notice published: 23 July  
Effective from: 16 July

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/Spark%20website%20notice.pdf>

Company/Licence: Power4All Limited /non-domestic electricity supply licence

Notice published: 23 July  
Effective from: 19 July

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/power4all%20website%20notice.pdf>

## Government and Other Bodies

DBERR (Department for Business, Enterprise & Regulatory Reform (formerly DTI))

Issue/Title: 2007 digest of UK energy statistics

Published: 26 July  
Response due: n/a

Link:  
<http://www.berr.gov.uk/energy/statistics/publications/dukes/page39771.html>

Link to PR:  
<http://www.wired-gov.net/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&unid=17D40FF0968F174D80257324003A2C29>

DBERR has issued a press release announcing the publication of the 2007 digest of energy statistics. The press release also includes a number of links to other statistical publications.

## NFPA

Green Power Auction results

NFPA has published the results from the latest on-line auction of green electricity (covering NFFO and SRO contracts), held on 27 July 2007, for electricity to be produced between 1 October 2007 and 31 March 2008.

The average price was 9.31p/kWh (10% below the last winter period). Average prices by technology band are reproduced below.



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Technology Band	Average Price p/kWh (unweighted)
Hydro	9.35
Landfill Gas	9.77
MIW	4.54
Wind	9.10

## Environmental Audit Commission

Issue: Publication of the report on the EAC's inquiry into the lessons that can be learned from the UK Climate Change Programme Review, and is the Government successfully addressing them? In particular, is the draft Climate Change Bill adequate for the task?

Title: Seventh Report - Beyond Stern: From the Climate Change Programme Review to the Draft Climate Change Bill

Published: 30 July  
Response due: n/a

Link to: [http://www.parliament.uk/parliamentary\\_committees/environmental\\_audit\\_committee/eac\\_300707.cfm](http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_300707.cfm)

The EAC has published its report on its recent inquiry into the lessons learnt from the Climate Change Programme Review and, more specifically, whether the Climate Change Bill will address them. The report covers how the Government:

- “sets targets for reductions in UK greenhouse gases;
- assesses progress towards these targets by forecasting the likely levels of future emissions;
- chooses policy instruments to deliver the requisite cuts in emissions; and
- revises its package of climate change policies, in the light of experience as to their effectiveness, and reassessments of the scale and urgency of emissions reductions required.”

## The European Union – Electricity Industry Related Press Releases (Titles and Links)

Brussels, 1 July 2007  
All EU Citizens free to choose their electricity and gas supplier as of 1 July

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/983&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 5 July 2007  
Towards a European Energy Consumers' Charter: protecting the consumers' right to choose

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/278&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 5 July 2007  
Questions on the opening of the energy markets and the Charter

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/279&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 10 July 2007  
Commission to set up a cell to oversee the stability of electric networks during summer months

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1063&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 13th July 2007  
Emissions trading: Commission adopts decisions on amendments to five national allocation plans for 2008-2012

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1094&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 17 July 2007  
European Commission takes further steps to improve nuclear safety through dialogue and transparency

Link: <http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1107&format=HTML&aged=0&language=EN&guiLanguage=en>



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Brussels, 17 July 2007

Industry Committee endorses EU coordinators for key energy projects

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1106&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 18 July 2007

Emissions trading: Commission adopts decision on Cyprus' national allocation plan for 2008-2012

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1131&format=HTML&aged=0%3Cuage=EN&guiLanguage=en>

## EREG (European Regulators Group for Electricity and Gas) Press Release

5 July

Putting energy consumers first

Link:

[http://www.ergeg.org/portal/page/portal/ERGEG\\_HOME/ERGEG\\_ADMIN/PR-07-08\\_PuttingEnergyConsumersFirst\\_05-07-2007.doc](http://www.ergeg.org/portal/page/portal/ERGEG_HOME/ERGEG_ADMIN/PR-07-08_PuttingEnergyConsumersFirst_05-07-2007.doc)

## The BSC and CUSC

### BSC Modifications – new proposals

#### ▪ P216 (Audit of LLF Production)

Raised: 30 July

By: SmartestEnergy

The Mod proposes changing the BSC to require ELEXON to audit the production of Line Loss Factors, together with various other changes intended to improve the setting of line loss factors.

#### ▪ P215 (Revised Credit Cover Methodology for Generating BM Units)

Raised: 27 July

By: Uskmouth Power Limited

The Modification proposes changes to the calculation on the Credit Assessment Energy Indebtedness of

generating BM Units (definition to be determined by the mods group).

### BSC – joiners and leavers

#### Joiners

**Essent Energy Trading B.V (as a Trading Party, Non-physical Trader and Interconnector)**

**Citigroup Global Markets Limited (as a Trading Party, Non-physical Trader and Interconnector User).**

#### BSC Miscellaneous

#### Credit Assessment Price Consultation

*Issue Date:* 24 July 2007

*Response Date:* 07 August 2007

ELEXON has issued a consultation on the recommendation that CAP (the Credit Assessment Price) remain at £37/MWh and on a proposed new methodology for reviewing the CAP value.

#### CUSC

#### CUSC Panel Elections...

There were seven nomination for the seven CUSC Amendment Panel seats by the deadline of 27 July; therefore an election is not required and all nominees will become CUSC Panel Members from 1 October 2007.

The new Panel Members will be:

Tony Diccico (nominated by RWE npower)

Bob Brown (nominated by Immingham CHP LLP)

Simon Lord (nominated by First Hydro Company)

Paul Mott (nominated by EDF Energy)

Paul Jones (nominated by E.ON UK Plc)

Garth Graham (nominated by SSE Generation Ltd)

Malcolm Taylor (nominated by ScottishPower Generation Limited)

#### CUSC Amendment Proposals

#### New CAPs

- **CAP156 (Reactive Power Default Payment Rate – Use of Spectron Power Index)**



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Raised by: National Grid

Link:

[http://www.nationalgrid.com/NR/ronlyres/E58BF4D4-0AB4-42AB-914E-A6F68DEC4C39/18559/July07\\_01.pdf](http://www.nationalgrid.com/NR/ronlyres/E58BF4D4-0AB4-42AB-914E-A6F68DEC4C39/18559/July07_01.pdf)

The CAP proposes removing the Spectron cumulative over the counter power index from the calculation of the reactive default payment rate, which is no longer published.

- **CAP157 (Extension of Qualified Company Definition)**

Raised by: CRE Energy Limited

Link:

[http://www.nationalgrid.com/NR/ronlyres/778C145B-6C3F-423D-879C-EACD948D5667/18615/July07\\_09.pdf](http://www.nationalgrid.com/NR/ronlyres/778C145B-6C3F-423D-879C-EACD948D5667/18615/July07_09.pdf)

The CAP proposes widening the category of companies that fall within the definition of 'Qualified Company' or "Qualifying Company" to include affiliates of a User rather than solely a User's shareholders or immediate holding companies. The CAP states that this does not affect the requirement that a Qualified Company or Qualifying Company must have the specified credit rating.

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### SUMMARY OF JULY 2007 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.

		Issued	Response Due
DTI	<p><b>Title: Guidance on the Consenting Process for Onshore Generating Stations above 50Mw in England and Wales: An Energy Review consultation</b></p> <p>Link: <a href="http://www.dti.gov.uk/consultations/page39308.html">http://www.dti.gov.uk/consultations/page39308.html</a></p>	11 May	<b>3 August</b>
DTI	<p><b>Title: The future of nuclear power: the role of nuclear power in a low carbon UK economy</b></p> <p>Link: <a href="http://www.dti.gov.uk/consultations/page39704.html">http://www.dti.gov.uk/consultations/page39704.html</a></p>	23 May	<b>10 October</b>
DTI	<p><b>Title: Renewable Energy: Reform of the Renewables Obligation</b></p> <p>Link: <a href="http://www.dti.gov.uk/consultations/page39586.html">http://www.dti.gov.uk/consultations/page39586.html</a></p>	23 May	<b>6 September</b>
Ofgem	<p><b>Title: DPCR5 – Looking ahead</b></p> <p>Link: <a href="http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/DPCR5%20consultation%20letter%20issued%20170507.pdf">http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/DPCR5%20consultation%20letter%20issued%20170507.pdf</a></p>	17 May	<b>10 August</b>
DEFRA	<p><b>Title: Carbon Emissions Reduction Target April 2008 to March 2011</b></p> <p>Link: <a href="http://www.defra.gov.uk/corporate/consult/cert2008-11/index.htm">http://www.defra.gov.uk/corporate/consult/cert2008-11/index.htm</a></p>	23 May	<b>15 August</b>
DEFRA	<p><b>Title: Pearson sets out future carbon cutting role for energy companies/ The Household Energy Supplier Obligation from 2011: A call for evidence</b></p> <p>Link to PR: <a href="http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=291462&amp;NewsAreaID=2">http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=291462&amp;NewsAreaID=2</a></p> <p>Link to call for evidence: <a href="http://www.defra.gov.uk/environment/climatechange/uk/household/supplier/index.htm">http://www.defra.gov.uk/environment/climatechange/uk/household/supplier/index.htm</a></p>	13 June	<b>14 September</b>
Defra	<p><b>Title: Consultation on the implementation proposals of the Carbon Reduction Commitment (CRC)</b></p> <p>Link: <a href="http://www.defra.gov.uk/corporate/consult/carbon-reduc/index.htm">http://www.defra.gov.uk/corporate/consult/carbon-reduc/index.htm</a></p>	26 June	19 October



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Ofgem	<b>Title: Proposed Enforcement Guidelines on Complaints and Investigations</b>  Link: <a href="http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Enforcement%20Guidelines.pdf">http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Enforcement%20Guidelines.pdf</a>	26 June	23 September
<b>New in July ...</b> <b>(this does not include all the details of licence notices/modifications/applications/revocations/licences granted or EU press releases or code issues)</b>			
Ofgem	<b>Title: Complaint Handling Standards</b>  Link to: <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/Complaints%20Handling%20Standards%20Open%20Letter.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compet/Documents1/Complaints%20Handling%20Standards%20Open%20Letter.pdf</a>	3 July	10 August
Ofgem	<b>Title: Domestic suppliers: social obligations annual reporting for 2006</b>  Link: <a href="http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/COPMonitor/Documents1/Monitoring%20Company%20Performance,%20Annual%20Report%202006.pdf">http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/COPMonitor/Documents1/Monitoring%20Company%20Performance,%20Annual%20Report%202006.pdf</a>	4 July	n/a
Ofgem	<b>Title: Review of activity in the domestic retail energy market over the last twelve months</b>  Link: <a href="http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=DRMR%20March%202007doc%20v9%20-%20FINAL.pdf&amp;refer=Markets/RetMkts/Compet">http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=DRMR%20March%202007doc%20v9%20-%20FINAL.pdf&amp;refer=Markets/RetMkts/Compet</a>	4 July	n/a
Ofgem	<b>Title: Switching Rates for Vulnerable Customers Summary Report March 2007</b>  Link: <a href="http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/Switching%20Rates%20for%20Vulnerable%20Customers%20Report.pdf">http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/Switching%20Rates%20for%20Vulnerable%20Customers%20Report.pdf</a>	4 July	n/a
Ofgem	<b>Title: Modification of the Standard Conditions of the Electricity Supply Licence under Section 11a of the Electricity Act 1989 Notice of reasons for the Decision to Modify the Standard Conditions of Electricity Supply Licence under Section 49a of the Electricity Act 1989</b>  Link: <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Electricity%20Supply%20Licence%20Modification%20under%20S11A.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Electricity%20Supply%20Licence%20Modification%20under%20S11A.pdf</a>	6 July	1 August



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<p><b>Ofgem</b></p>	<p><b>Title: Section 11 Of The Electricity Act 1989 Modification of the Distribution Licence Granted or treated as Granted under Section 6(L)(C) of the Electricity Act 1989 to Yorkshire Electricity Distribution Plc, and Section 49a of the Electricity Act 1989</b></p> <p><b>Notice of reasons for the Decision of the Gas and Electricity Markets Authority to modify the Distribution Licence granted or treated as granted to Yorkshire Electricity Distribution Plc</b></p> <p><b>Title: Section 11 Of The Electricity Act 1989 Modification of the Distribution Licence Granted or treated as Granted under Section 6(L)(C) of the Electricity Act 1989 to Northern Electric Distribution Ltd, and Section 49a of the Electricity Act 1989</b></p> <p><b>Notice of reasons for the Decision of the Gas and Electricity Markets Authority to modify the Distribution Licence granted or treated as granted to Northern Electric Distribution Ltd</b></p> <p>Link to YEDL notice:  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20YEDL%20Modification%20Special%20Condition%20C2.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20YEDL%20Modification%20Special%20Condition%20C2.pdf</a></p> <p>Link to NEDL notice:  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20NEDL%20Modification%20Special%20Condition%20C2.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/CE%20NEDL%20Modification%20Special%20Condition%20C2.pdf</a></p>	<p>12 July</p>	<p>April 2007</p>
<p><b>Ofgem</b></p>	<p><b>Title: Regulatory arrangements for new Dutch-GB Electricity Interconnector</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/BritNed%20Decison%20letter%2012%20July.pdf">http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/BritNed%20Decison%20letter%2012%20July.pdf</a></p>	<p>12 July</p>	<p>n/a</p>



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Ofgem	<p><b>Titles: Standard Licence Condition 4F – Standards for the provision of non-contestable connection services (“SLC 4F” – Formal licence modification</b></p> <p><b>Standard Licence Condition 4F Guidance Document - Version 1</b></p> <p>Link to guidance document:  <a href="http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/18107%20Consultation%20on%20Guidance%20SLC4F.pdf">http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/18107%20Consultation%20on%20Guidance%20SLC4F.pdf</a></p> <p>Link to open letter:  <a href="http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC%204F%20consultation.pdf">http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC%204F%20consultation.pdf</a></p> <p>Link to formal consultation on licence change:  <a href="http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC_4F_consultation.pdf.pdf">http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/SLC_4F_consultation.pdf.pdf</a></p>	13 July	10 August
Ofgem	<p><b>Title: Modification of the Standard Conditions of Electricity Transmission Licences treated as granted under Section 6(1)(b) of the Electricity Act 1989</b></p> <p><b>Notice of reasons for the decision to modify the Standard Conditions of Electricity Transmission Licences under Section 49A of the Electricity Act 1989</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Notice/Documents1/070718_ex_C9ModificationNotice_FINAL_LN.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Notice/Documents1/070718_ex_C9ModificationNotice_FINAL_LN.pdf</a></p>	18 July	Effective 18 July
Ofgem	<p><b>Title: Ofgem Annual Report 2007/2007</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/About%20us/annlrprt/Documents1/Ofgem%20Annual%20Report%202006-07.pdf">http://www.ofgem.gov.uk/About%20us/annlrprt/Documents1/Ofgem%20Annual%20Report%202006-07.pdf</a></p>	23 July	n/a
Ofgem	<p><b>Title: Case Closure Statement by the Gas and Electricity Markets Authority, following an investigation into non-compliance by EDF Energy Networks (LPN) plc, EDF Energy Networks (EPN) plc and EDF Energy Networks (SPN) plc with Standard Licence Condition 4C of their Electricity Distribution Licences 13 July 2007</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/About%20us/enforcement/Investigations/ClosedInvest/Documents1/EDF%20Case%20Closure%20Statement.pdf">http://www.ofgem.gov.uk/About%20us/enforcement/Investigations/ClosedInvest/Documents1/EDF%20Case%20Closure%20Statement.pdf</a></p>	24 July	n/a



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<b>Ofgem</b>	<p><b>Title: Offshore Electricity Transmission – A Joint Ofgem/BERR Policy Statement</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/Networks/Trans/Offshore/ConsultationDecisionsResponses/Documents1/Offshore%20Policy%20statement%20FINAL.pdf">http://www.ofgem.gov.uk/Networks/Trans/Offshore/ConsultationDecisionsResponses/Documents1/Offshore%20Policy%20statement%20FINAL.pdf</a></p>	25 July	5 September
<b>Ofgem</b>	<p><b>Title: Transmission Access Review (TAR) – Open Letter to Industry</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/070725_Ex_TAR%20Open%20Letter%20and%20TOR%20No%20Signature_DH3.pdf">http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/070725_Ex_TAR%20Open%20Letter%20and%20TOR%20No%20Signature_DH3.pdf</a></p>	26 July	n/a
<b>DBERR</b>	<p><b>Title: 2007 digest of UK energy statistics</b></p> <p>Link:  <a href="http://www.berr.gov.uk/energy/statistics/publications/dukes/page39771.html">http://www.berr.gov.uk/energy/statistics/publications/dukes/page39771.html</a>            Link to PR: <a href="http://www.wired-gov.net/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&amp;unid=17D40FF0968F174D80257324003A2C29">http://www.wired-gov.net/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&amp;unid=17D40FF0968F174D80257324003A2C29</a></p>	26 July	n/a
<b>Ofgem</b>	<p><b>Title: Modifying the arrangements for the use of objections in the non-domestic market for gas and electricity supply</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/non%20domestic%20objections.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/non%20domestic%20objections.pdf</a></p>	27 July	7 September
<b>Ofgem</b>	<p><b>Title: Connection and Use of System Code Amendment Proposal 131: User Commitment Impact Assessment</b></p> <p>Link to:  <a href="http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/ias/Documents1/070730_CAP131_IA_Letter.PDF">http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/ias/Documents1/070730_CAP131_IA_Letter.PDF</a></p>	30 July	n/a
<b>Ofgem</b>	<p><b>Title: Transmission Arrangements for Distributed Generation - Working Group Report and Next Steps</b></p> <p>Link to page providing link to open letter and report and associated documentation:  <a href="http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=070730_TADG_Covering_Letter_final.pdf&amp;refer=Networks/Trans/ElecTransPolicy/TADG">http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=070730_TADG_Covering_Letter_final.pdf&amp;refer=Networks/Trans/ElecTransPolicy/TADG</a></p>	30 July	n/a
<b>EAC</b>	<p><b>Title: Seventh Report - Beyond Stern: From the Climate Change Programme Review to the Draft Climate Change Bill</b></p> <p>Link to:  <a href="http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_300707.cfm">http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_300707.cfm</a></p>	30 July	n/a



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## SUMMARY OF JULY 2007 CONSULTATIONS & NEW BSC AND CUSC MODS AND DECISIONS

<b>New Mods</b>			
		When	By
<b>P216</b>	<b>Audit of LLF Production</b>	30 July	SmartestEnergy
<b>P215</b>	<b>Revised Credit Cover Methodology for Generating BM Units</b>	27 July	Uskmouth Power Limited
<b>New CAPs</b>			
<b>CAP156</b>	<b>Reactive Power Default Payment Rate – Use of Spectron Power Index</b>		National Grid
<b>CAP 157</b>	<b>Extension of Qualified Company Definition</b>		CRE Energy Limited

