



The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER ECONOMICS

Inside...

- " Consultations by Ofgem on 09/10 gas and electricity transmission system operator incentives, and on broader future energy network regulation;
- " Government consultations on their heat and energy savings strategy and amendments to CERT and CESP;
- " Changes to the distribution use of system charging methodology;
- " Guidance notes for consumers on "green" supply published;
- " Review of the costs of managing constraints on the electricity transmission system; and
- " Three new power station projects consented.

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 2009.

The newsletter aims to assist electricity market participants 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.



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OFGEM PUBLICATIONS

Issue/Title: Token pre-payment meter customer issues – open letter

Published: 2 February
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Token%20PPM%20update%20letter%20-%20Jan%202009%20update.pdf>

Ofgem has published an open letter discussing suppliers' progress in dealing with debt build up (due to pre-payment meters that need to be recalibrated as tariffs change) and with replacing token pre-payment meters, and the steps it considers suppliers should take to ensure that no customer is left without a supply if the token meter facility is withdrawn in an area.

Issue: Impact Assessment on the new offshore transmission charging arrangements

Title: Introduction of charging arrangements associated with Offshore Transmission Networks

Published: 4 February
Response due: 3 March

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/090204GBECM08IA.pdf>

Ofgem has published its Impact Assessment and consultation on NGET's Use of System Charging Methodology Proposal (GB ECM-08) which sets out proposals for charges to cover the transmission infrastructure assets necessary to connect an offshore generating site to the onshore network.

Issue / Title: Green Supply Guidelines

Published: 4 February
Response due: n/a

Link to factsheet:
<http://www.ofgem.gov.uk/Media/FactSheets/Documents1/greentarriffs.pdf>
Link to press release:
<http://www.ofgem.gov.uk/Media/PressRel/Documents>

[1/040209ofgem8.pdf](#)

Link to guidelines:
<http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Green%20supply%20guidelines%20final%20proposals%20open%20letter.pdf>

Ofgem has published an open letter (and fact sheet) setting out the guidelines which are intended to provide clarity to customers on the environmental benefits of any tariff that is branded as "green".

Issue: Licence changes to introduce new options to make it easier for small energy companies to operate as licensed suppliers.

Title: Distributed Energy - Final Proposals and Statutory Notice for Electricity Supply Licence Modification

Published: 6 February
Response due: 6 March

Link:
http://www.ofgem.gov.uk/Sustainability/Environment/Policy/SmallerGens/DistEng/Documents1/DE_Final_Proposals.pdf

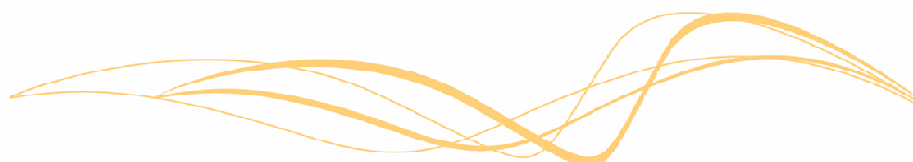
Ofgem has published its final proposals and statutory consultation on the introduction of new licensing options intended to make it easier for small energy companies (including distributed energy schemes) to operate as a licensed supplier using the public network. The document also includes draft guidance on how the regime will work and the Authority/Ofgem's approach to applications from licensees.

Ofgem also issue an invitation for expressions of interest from stakeholders to ...

....*"participate in a working group to develop good practice for the provision of third party service arrangements, as well as consider and take forward consequential changes needed to support the new commercial arrangements."*

Issue / Title: The Renewables Obligation Buy-Out Price and Mutualisation Ceiling 2009-10

Published: 9 February
Response due: n/a



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Link:

[http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Documents1/Press%20Release%20Buy-out%20Mutual%204 .pdf](http://www.ofgem.gov.uk/Sustainability/Environment/RenewablObl/Documents1/Press%20Release%20Buy-out%20Mutual%204.pdf)

Ofgem has published a statement on the buy-out price and mutualisation ceilings for the Renewables Obligation for the 2009-10 compliance period in anticipation of the new secondary legislation for the Renewables Obligation that is expected to come into effect on 1 April 2009. The expected value for the buy-out price is £37.19/MWh and the mutualisation ceiling is expected to be £224,000,000 in England and Wales, and £22,400,000 in Scotland for 2009-10.

Issue/Title: Amendment to the exemption orders granted to East West Cable One Limited (“EWC”) under standard condition 12 of the electricity Interconnector licence in respect of the EWC One and EWC Two interconnectors

Published: 10 February
Response due: n/a

Link:

<http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/EWC%20amended%20exemption%20orders%20cover%20letter.pdf>

Links to amended exemption orders:

<http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/Amended%20Exemption%20Order%20-%20EWC%201%20FINAL.pdf>

<http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/Amended%20Exemption%20Order%20-%20EWC%202%20FINAL.pdf>

Following the review by the European Commission, and at its request, Ofgem has amended the exemptions granted to EWC in respect of the proposed EWC One and EWC Two Interconnectors between Wales and Ireland. The amendments have been made in order to include the following conditions:

“(a) A capacity cap of 40% applied to any dominant party, in either generation or supply (as defined in the directive) in either system or market to which the interconnector is connected. For the calculation of the capacity cap, undertakings belonging to the same group shall be considered together.

(b) Before the first Imera interconnector is made available to system users, effective congestion

management can be fully implemented, in accordance with the Congestion Management Guidelines, allowing intra-day trading on interconnectors by individual market participants.

(c) CER and Ofgem will assess the effectiveness of the secondary trading and UIOLI provisions in ensuring access for all potentially interested parties within six months of the first twelve months the first Imera interconnector is made available to system users.”

EWC consented to the amendments on 9 February 2009.

Issue / Title: Publication of slides from Code Governance Review Workshop

Published: 17 February
Response due: n/a

Links:

[http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_%20Review_Ofgem\(2\).ppt#3](http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_%20Review_Ofgem(2).ppt#3)

http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_EON_%20UK.ppt

[http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_Ofgem%20\(1\).ppt](http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_Ofgem%20(1).ppt)

http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_JO.ppt

http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_NigelCornwall.ppt

<http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/CGovreview%20ConsumerFirst.ppt>

http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents1/Code_Governance_Review_%20National_Grid.ppt

Ofgem has published all the presentations from its Workshop, on the Code Governance Review, held on 11 February.

Issue: Ofgem call for urgent review of the arrangements for managing and charging for transmission constraints

Title: Managing Constraints on the GB Transmission System



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Published: 17 February
Ofgem has requested that National Grid to propose changes by the end of February.

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/20090217Managing%20constraints.pdf>

Ofgem has published an open letter to National Grid "urging" it to.....

"consider (and if appropriate consult on) whether urgent changes to the existing commercial and charging arrangements for access to the GB transmission system are necessary before the next charging year (starting April 2009) - to more effectively manage the costs of constraints, and to ensure that any constraint costs are recovered on an equitable basis from customers, suppliers and generators."

Ofgem indicates that it is making this request because of the forecast increase in the level of constraint costs. The letter goes on to state that Ofgem would like National Grid to raise any modification proposals to be raised by the end of February or, if NG does not think modifications are appropriate at this time, to...

"publish a report explaining why you consider the current arrangements and forecast level of constraint costs are consistent with all of your relevant statutory and licence obligations"

National Grid included the issue on its agenda for its Operational Forum on 24 February.

The letter includes an attachment that sets out ...

"a brief history of constraint costs, and the current way that the various commercial arrangements and charging methodologies deal with those costs to explain why we think an urgent review is necessary."

Issue: Ofgem letter seeking views on retaining the "Marketing" Licence Obligation

Title: Regulation of Marketing

Published: 18 February
Response due: 18 March

Link:
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/Dir>

[ectMktng/Documents1/Regulation%20of%20marketing%20to%20domestic%20customers.pdf](#)

Ofgem is seeking views on whether the current marketing licence condition, in gas and electricity supply licences, should be retained for a further two years.

Issue: Ofgem response to National Grid's report into the events of 27 May 2008 when the frequency deviation was outside National Grid's statutory operating limits

Title: National Grid frequency deviation response

Published: 19 February (dated 29 January)
Response due:

Link:
<http://www.ofgem.gov.uk/Markets/WhIMkts/CompanEff/InvestigReport/Documents1/Frequency%20deviation%2027%20May%202008.PDF>

Link to National Grid's report:
<http://www.nationalgrid.com/NR/rdonlyres/E19B4740-C056-4795-A567-91725ECF799B/32165/PublicFrequencyDeviationReport.pdf>

Ofgem has published the letter to National Grid from Alistair Buchanan which sets out the matters Ofgem considers National Grid should progress in the light of National Grid's report (dated February) into the frequency deviation that occurred on 27 May 2008

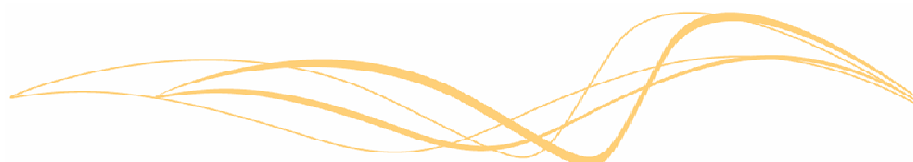
Issue: Ofgem Fact sheet

Title: Consumer Action: Understanding and Protecting Energy Consumers

Published: 26 February
Response due: n/a

Link:
http://www.ofgem.gov.uk/Media/FactSheets/Documents1/ofgemupdatesconsumerfirst_final.pdf

Fact sheet covering Consumer First programme - setting of new complaint handling standards for the energy industry and the protection maintained through enforcement work.



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Issue /Title: National Grid Electricity Transmission and National Grid Gas System Operator incentives from 1 April 2009 Final Proposals consultation

Published: 27 February
Response due: 27 March

Link:
<http://www.ofgem.gov.uk/Markets/WhIMkts/EffSystemOps/SystOpIncent/Documents1/Final%20proposals%20consultation%20document.pdf>

Link to press release:
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/ofgem11-27022009.pdf>

Link to statutory modification notice for changes to the electricity transmission licence:

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

Ofgem has published its final proposals, and statutory modification notices, in respect of the gas and electricity System Operator incentives for 2009/10. Subject to consultees' responses, and provided National Grid does not object to the licence changes, these arrangements will come into effect on 1 April 2009.

The key elements of the incentive for electricity are summarised below.

The parameters for the NGET balancing services activity revenue restriction on external costs intended to run from 1 April 2009 to 31 March 2010 are summarised in the following table reproduced from the licence modification notice.

Target		Upside (reward to NGET if costs are below target)		Downside (penalty to NGET if costs are above target)	
	£m	Sharing factor (%)	Cap (£m)	Sharing factor (%)	Floor (£m)
Final Proposal	600-630	25	15	15	-15

The target for transmission losses is 6 TWh (dead band 5.8-6.2 TWh); the reference price is set at 55 £/MWh.

In addition, a mechanism has been included that enables the Authority to direct that a lower target be

implemented if a material change occurs in the availability to the licensee of ancillary services.

Issue: Short Term incentives to enable transmission licensees to recover the cost of pre-construction investments

Title: Transmission Access Review – Enhanced Transmission Investment Incentives Open Letter: Consultation on Short Term Measures Notice under Section 11(2) of the Electricity Act 1989 of proposed modification of electricity transmission licences held by National Grid Electricity Transmission plc, SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd

Published: 27 February
Response due: 27 March

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/090227TOShortTerm%20Measures.pdf>

Ofgem has published an open letter seeking views on its proposal to modify the licences of the three Transmission Licensees to enable them to recover investments made for particular pre-construction activities associated with transmission reinforcement works in the period 1 April 2009 to 31 March 2010. The proposed changes specify the level of funding to be provided to each licensee as £10 million to NGET and £2.5 million to SPTL.

The proposals follow Ofgem's consultation, published in December, aimed at developing short term measures to address barriers to transmission companies investing ahead of need.

Issue /Title: Regulating energy networks for the future: RPI-X@20 Principles, Process and Issues

Published: 27 February
Response due: 24 April

Link:
<http://www.ofgem.gov.uk:80/Pages/MoreInformation.aspx?docid=1&refer=NETWORKS/RPIX20/PUBLICATI ONS/CD>

Link to accompanying reports RPI by other regulators:
<http://www.ofgem.gov.uk/Networks/rpix20/publication>



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Location	Date	Time	Venue
London	18 March	10:00 – 13:00	tbc
Scotland	20 March	11:00 – 14:00	tbc
Belfast	24 March	11:00 – 14:00	tbc

[s/CD/Documents1/CEPA%20Final%20Ofgem%20Report%20270209.pdf](http://www.ofgem.gov.uk/CD/Documents1/CEPA%20Final%20Ofgem%20Report%20270209.pdf)

Characteristics of alternative frameworks:

http://www.ofgem.gov.uk/Networks/rpix20/publication/s/CD/Documents1/RPI_Characteristics%20of%20alternative%20price%20control%20frameworks_270209.pdf

Link to OXERA paper:

<http://www.ofgem.gov.uk/Networks/rpix20/forum/Documents1/Web%20forum%20-%20CEPA%20DOC.pdf>

Link to PR:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/RPIX%20%20press%20release%20-%20final.pdf>

Ofgem has published what it describes as the first in a series of consultations following its industry workshops on the RPI-X@20 project, established to review the current approach to energy network regulation.

The consultation sets out Ofgem's rationale for the review, its objectives, the timetable, its thoughts on the scope of the review and "some ideas on options for change".

Two supporting documents are published with the consultation: The Use of RPI-X by Other Network Industry Regulators; and Characteristics of Alternative Price Control Frameworks: an Overview.

OXERA has also submitted a paper: Strawmen for RPI-X@20 which was prepared for the Energy Networks Association.

Issue /Title: Renewables and CHP Register workshop: Renewables Obligation 2009 changes

Published: 27 February (dated 20 February)
Workshop dates given below, **apply by 10 March**.

Link:

<http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Documents1/Workshop%20letter.pdf>

Ofgem has published an invitation to workshops on

the changes made to the Renewables and CHP Register to encompass changes to the RO being introduced on 1 April.

The table of venues and dates is reproduced below.

DNO CHARGING METHODOLOGY CHANGES

Issue: Table aivina status of DNO UoS charaina methodology modifications

Title: Table detailing the status of charging modifications

Published: 2 February
Response due: n/a

Link:

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

Ofgem has published a table of modifications to DNO connection and use of system charging methodologies going back to 2005.

Issue/Titles:

SHEPD08002b - Proposed housekeeping revisions to Scottish Hydro Electric Power Distribution's Connection Charging Methodology
SEPD08002b - Proposed housekeeping revisions to Southern Electric Power Distribution's Connection Charging Methodology

Published: 2 February
Response due:

Link to SHEPD's methodology:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/Appendix%201%20to%20SEPD%20Connections%20Methodology%20Modification.pdf>

Link to SHEPD's mod:

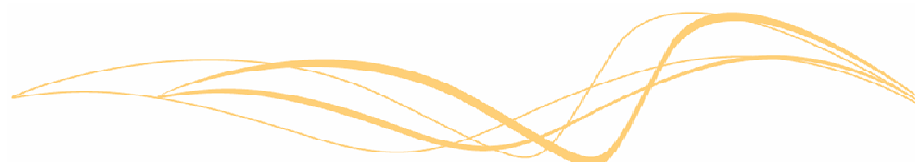
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SHEPD%2008002b%20Modification%20290109.pdf>

Link to SEPD's methodology:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/Appendix%201%20to%20SEPD%20Connections%20Methodology%20Modification.pdf>

Link to SEPD's mod:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Di>



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[stChrgMods/Documents1/SEPD08002b%20%20-%20Proposed%20general%20revisions%20within%20the%20approved%20Statement%20of%20Charging%20Methodology%20for%20Connection%20to%20S%20EPD.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SEPD08002b%20%20-%20Proposed%20general%20revisions%20within%20the%20approved%20Statement%20of%20Charging%20Methodology%20for%20Connection%20to%20S%20EPD.pdf)

“Housekeeping” modifications to Scottish Hydro Electric Power’s and Southern’s distribution connection methodologies.

Issue: Ofgem decisions on connection use of system charging methodology changes in respect of LDNOs in WPD’s South Wales and South West regions

Titles:

Decision in relation to Western Power Distribution (“WPD”) South Wales plc connection charging methodology modification proposal 009: Capacity management for Licensed Distribution Network Operators (LDNOs)

Decision in relation to Western Power Distribution (“WPD”) South West plc connection charging methodology modification proposal 009: Capacity management for Licensed Distribution Network Operators (LDNOs)

Decision in relation to Western Power Distribution (“WPD”) South Wales plc for use of system charging methodology modification proposal 010: Capacity management for Licensed Distribution Network Operators (LDNOs)

Decision in relation to Western Power Distribution (“WPD”) South West plc for use of system charging methodology modification proposal 010: Capacity management for Licensed Distribution Network Operators (LDNOs)

Published: 6 February
Response due: n/a

Links connection/South Wales:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPDWALE009%20Connection%20Charge%20methodology%20decision.pdf>

Link connection/South West:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPDWEST009%20Connection%20Charge%20methodology%20decision.pdf>

Link UoS/South Wales:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPD%20South%20Wales%20UoS%20010%20Decision%20Letter.pdf>

Link UoS/South West:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPD%20South%20West%20UoS%20010%20Decision%20Letter.pdf>

Ofgem has published four letters relating to changes to the connection and use of system methodologies in WPD’s South Wales and South West areas. The Authority has decided not to veto the changes.

Issue: Ofgem has published a number of distribution connection and use of system charging methodology modifications proposed by SHEPD (Scottish Hydro-Electric Power Distribution).

Titles:

Proposed revisions within the Statement of Charging Methodology for Use of Scottish Hydro Electric Power Distribution plc’s Distribution System

Proposed revisions within the approved Statement of Charging Methodology for Connection to Southern Electric Power Distribution plc’s Distribution System: 2008/09

Proposed revisions within the approved Statement of Charging Methodology for Connection to Scottish Hydro Electric Power Distribution plc’s Distribution System: 2008-09

Proposed revisions within the Statement of Charging Methodology for Use of Southern Electric Power Distribution plc’s Distribution System

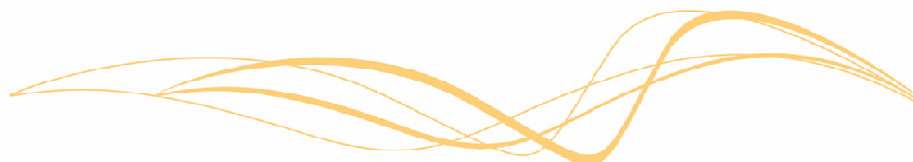
Published: 16 February

Links:

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SHEPD%2008004%20-%20Use%20of%20System%20Methodology%20Capacity%20Ramping%20Modification.pdf>

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SEPD-08-003%20-%20Connection%20Charging%20Methodology%20Capacity%20Ramping%20Modification.pdf>

<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SHEPD%2008-003%20-%20Connection%20Charging%20Methodology%20C>



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<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/SEPD-08-004%20-%20Use%20of%20System%20Charging%20Methodology%20Capacity%20Ramping%20Modification.pdf>

Issue /Title: Modification Proposal ENW/2009/003 Electricity North West Limited - Proposal to amend the existing approach to capacity management for LDNO connections and associated housekeeping

Published: 16 February

Link:
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/ENW%20Capacity%20Management%20with%20Housekeeping%20Modification%20Proposal%20ENW-2009-003.pdf>

Issue: / Title: Table detailing the status of Distribution Network Operators (DNOs) Connection Charging Methodology and Use of System Charging Methodology modification proposals

Published: 26 February
Response due: n/a

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

LICENCES

NOTICES OF ELECTRICITY LICENCES APPLIED FOR IN FEBRUARY 2009

Company/Licence: **Gazprom Marketing and Trading Retail Limited** / non-domestic electricity supply licence
Notice published/licence applied for: 5 February/4 February

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

Company/Licence: **Axis Telecom Limited**/non-domestic electricity supply licence
Notice published/licence applied for: 13 Feb/10 Feb

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

Company/Licence: **Southern Energy Plc** /domestic and non domestic electricity supply licence

Notice published/licence applied for: 27 February/20 February

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

GOVERNMENT AND OTHER BODIES

Department of Business Enterprise and Regulatory Reform; Department of Environment, Food and Rural Affairs and the new Department of Energy and Climate Change

Issue /Title: UK climate change sustainable development indicator: 2007 greenhouse gas emissions, final figures

Published: 3 February
Response due: n/a

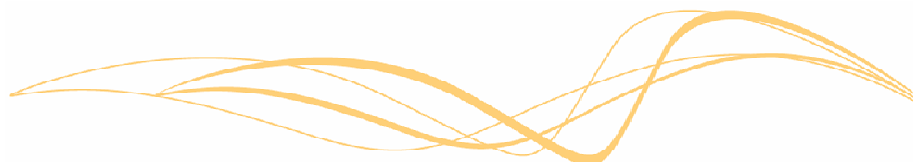
Link to PR:
<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=391626&NewsAreaID=2>

Link to stats:
<http://www.defra.gov.uk/environment/statistics/globaltmos/index.htm>

DECC has issued a press release announcing the publication of the final estimates of UK greenhouse gas emissions for 2007.

The headline results are reported as being:

- "In 2007, UK emissions of the basket of six greenhouse gases covered by the Kyoto Protocol were estimated to be 636.6 million tonnes carbon dioxide equivalent. This was 1.7 per cent lower than the 2006 figure of 647.9 million tonnes.
- Carbon dioxide (CO₂) is the main greenhouse gas, accounting for about 85 per cent of total UK greenhouse gas emissions in 2007. In 2007, UK



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net emissions of carbon dioxide were estimated to be 542.6 million tonnes (Mt). This was around 1.5 per cent lower than the 2006 figure of 551.1 (Mt). There were decreases in emissions of 1.8 per cent (4.0 Mt) from the energy supply sector, 4.6 per cent (3.8 Mt) from the residential sector, and 2.6 per cent (2.4 Mt) from the business sector. There were, however, increases in emissions from some other sectors, including 1.0 per cent (1.3 Mt) from the transport sector and 9.5 per cent (1.2 Mt) from industrial processes. These sectors define the source of the emissions, as opposed to where the end-use occurred."

Issue: Consent for three new power stations

Title: Green light for three new power stations to power 4 million homes

Published: 5 February
Response due: n/a

Link:
<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=391984&NewsAreaID=2>

Ed Milliband has announced grant of consent for three new large power stations:

- 2,000 MW CCGT at Pembroke, South West Wales to RWE npower;
- 900 MW integrated coal gasification gas-fired power station at Hatfield, Yorkshire to Powerfuel Power Ltd ; and
- 1,020 MW Combined Cycle Gas Turbine power station at King's Lynn, Norfolk to Centrica Leasing (KL) Ltd.

Issue: Launch of three consultation affecting energy use within the domestic environment

Titles:

Amendments to the Carbon Emissions Reduction Target – Consultation proposals Community Energy Saving Programme (CESP) Consultation Document Heat and Energy Savings Strategy Consultation

Published: 12 February
Response to CERT due: 14 April 2009
Response to CESP and HES due: 8 May

Link to CERT consultation:

<http://decc.gov.uk/pdfs/cert-full-consultation.pdf>

Link to CESP consultation:

<http://decc.gov.uk/pdfs/cesp-full-consultation.pdf>

Link to HES: <http://hes.decc.gov.uk/>

Link to PR:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=392487&NewsAreaID=2>

Government has published a suit of consultations intended to promote increased uptake of energy efficiency and low carbon energy solutions within domestic premises. These include:

- amendments to CERT (announced by the Prime Minister last year) which include:
 - increasing the CERT target by 20%;
 - increasing the attractiveness to suppliers of promoting loft insulation and real time display devices; and
 - extending the duration to 2012;
- proposals for the introduction of the new Community Energy Savings Programme (CESP also announced by the PM last year) that will place an obligation on suppliers and generators (subject to a *de minimis* limit (10 TWh/year is suggested)) to promote certain carbon reduction measures in the domestic environment with a focus on "whole house" / community solutions for the most disadvantaged communities; and
- the overarching and ambitious Heat and Energy Savings Strategy Consultation.

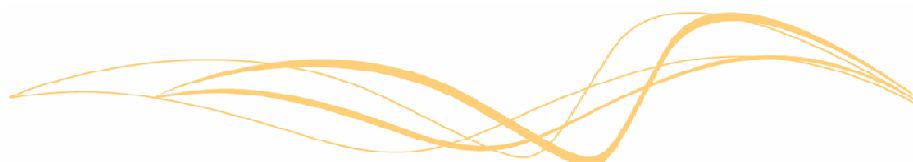
Issue/Title: EU Emissions Trading System: Volume of carbon allowances for the second UK auction and timetable for future auctions

Published: 23 February
Response due: n/a

Link:
<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=393339&NewsAreaID=2>

DECC has issued a press release announcing its intention to auction Four million allowances in EU ETS auction on Tuesday 24 March 2009 (out of a total of 25 million allowances which it plans to auction). The press release states that...

"The auction on 24 March will comprise a competitive bidding facility only and the bidding window will be open between 8:00 and 10:00 GMT. The UK



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Government intends to charge VAT on all EU allowances auctioned in the UK.”

The full schedule of auction dates and volumes for subsequent auctions up to April 2010 can be found at: <http://www.dmo.gov.uk/index.aspx?page=ETS/AuctionInfo>

NFPA

Issue/Title: latest on-line auction of green electricity

Published: 6 February
Response due: n/a

NFPA has reported the outcome of its auction of green electricity held on 6 February. The table setting out average prices by technology band is reproduced below. The next auction is scheduled for 21 July.

Technology Band	Average Price p/kWh (unweighted)	Average Price p/kWh ("Live" generating stations)
Hydro	9.11	9.14
Landfill Gas	9.43	9.44
MIW (Waste Incineration)	3.31	4.50
CHP (Waste Incineration)	4.13	4.13
Wind	9.20	9.20

GB SO

Issue/Title: Proposed Revisions to Balancing Principles Statement and Procurement Guidelines Following Annual Consultation

Published: 19 February
Decision by Authority due by: 20 March

Link: <http://www.nationalgrid.com/NR/ronlyres/EC5DB1C4-420D-4D0E-8958-65D04BBB2056/32173/C16consultationREPORT19feb09v10.pdf>

National Grid has submitted a report to the Authority on the changes it is proposing to its Balancing Principles

Statement and Procurement Guidelines following the review its annual review of these documents required under its transmission licence (C16). The changes include technical changes and converting these technical documents into “plain English”.

The changes will come into effect on 1 April if the proposals are not vetoed by the Authority before 20 March. The decisions on the technical changes and adoption of plain English can be separated. National Grid describe the technical changes as being mainly....

“house-keeping changes and points of clarification but also include some changes that reflect current practice.”

Issue: National Grid’s proposals for its SO Incentive Scheme 2009/10

Title: National Grid Electricity System Operator Incentives Final Proposals Report

Published: 27 February
Response due: n/a

Link: <http://www.nationalgrid.com/NR/ronlyres/75839C1D-51EE-4A36-B35E-74EAC5D3AF9D/32311/NGETSystemOperatorIncentivesFinalProposalReport.pdf>

National Grid has published its final report on the level and form of the System Operator Incentive Scheme it proposes it should be subject to in 2009/10.

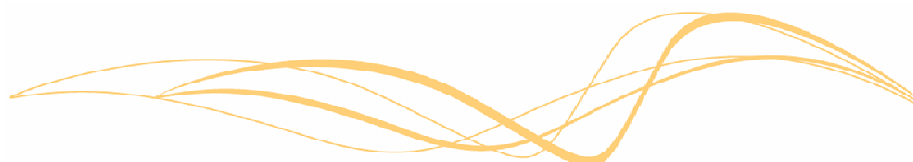
The report, published on 27 February, states that Ofgem is expected to publish its Final Proposals (and the required Statutory Licence amendment notices) in “late February” to enable the scheme to be implemented on 1 April 2009. The Ofgem statutory consultation was also published on 27 February.

THE BSC AND CUSC

BSC Non Mods Business

Joiners...

Gazprom Marketing and Trading Retail Limited / Supplier



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Link:
http://www.elexon.co.uk/documents/circulars/Elexon_Circular/EL01692.pdf

Bord Gais Eireann Non-Physical Trader and Interconnector User

ESB Independent Generation Trading Ltd / Non-Physical Trader.

Issue / Title: Decrease in the Credit Assessment Price (CAP) to £49/MWh effective from Wednesday 4 March 2009

Published: 4 February
Effective from: 4 March

Link:
http://www.elexon.co.uk/documents/circulars/Elexon_Circular/EL01690.pdf

The Credit Assessment Price (CAP) will be decreased to £49/MWh on 4 March.

Modification Decisions

P226 (Improving Large Combustion Plants Directive Information Disclosure)

Decision: APPROVE Mod
Panel Recommendation: Approve Mod

Decision date: 27 February
Implementation date: 25 June 2009

Link:
<http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCode/BSC/Documents1/P226%20D.pdf>

Once implemented, the change will lead to publication of data on the LCPD (Large Combustion Plants Directive), including data that relates to derogations applied for by "Opted In" LCPs, and allow parties to access LCPD related data via the BMRS (Balancing Mechanism Reporting Service).

CUSC

New CAPs

CAP168 (Transmission Access – Under-use and reallocation of TEC)

Raised by: ConocoPhillips

Link:
<http://www.nationalgrid.com/NR/ronlyres/EEC25EC4-6BAC-4C14-852C-433182AA8127/32218/CAP168TransmissionAccessunderuseandreallocationofT.pdf>

The CAP proposes changes to the CUSC that are intended to incentivise Parties to make available transmission entry capacity that they are not using including:

- introduction of an "under-use" charge for unused capacity;
- return of capacity to National Grid if under use charges are incurred over a period of time (2 years is mooted), unless the holder can demonstrate that it has tried to "sell the unused capacity on reasonable terms into the market"; and
- a capacity reduction charge.

CAP 169 (Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations)

Raised by: National Grid

Link:
http://www.nationalgrid.com/NR/ronlyres/EC8590F7-EF67-4D3D-AC44-68B30E3AB061/32219/CAP169ReactivePowerPPM_Large_embeddedv1.pdf

The CAP proposes a three part amendment to the CUSC.

Part 1 seeks to change the CUSC to accommodate the provision of Reactive Power from Power Park Modules and bring certain CUSC provisions, relating to Reactive Power from Power Park Modules, in line with the Grid Code.

Part 2 would oblige National Grid is obliged to conclude a Mandatory Service Agreement when requested to do so by a "Large Power Station" with a reactive capability below 15Mvar.

Part 3 would ensure that appropriate payments are made for the provision of a Reactive Power service



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from embedded generators.

CAP170 (Category 5 System to Generator Operational Intertripping Scheme)

Raised by: National Grid

Link:

<http://www.nationalgrid.com/NR/rdonlyres/76F87545-CAD4-4003-957E-E8F630B0DB04/32307/FinalCAP170AmendmentProposal.pdf>

The CAP proposes introduction of a new category of System to Generator Operational Intertripping Scheme (category 5) to cover intertrips capable of being armed with respect to a derogated non-compliant transmission boundary, which are not captured by existing categories 1-4.

The proposer has requested that the CAP be progressed under the "urgent" procedures (Link to request:

<http://www.nationalgrid.com/NR/rdonlyres/0F8F0EC6-2B63-48D3-9124-B03E9808BC60/32306/RequestforUrgencyIntertripsCAP170.pdf>)

23 February

Quality of electricity supply improved by regulators' incentive-penalty regimes

Link: [http://www.energy-](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/PRESS_RELEASES/2009/PR-09-04_CEER_QualityElectricitySupplyBenchmarking_2009-.doc)

[regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/PRESS_RELEASES/2009/PR-09-04_CEER_QualityElectricitySupplyBenchmarking_2009-.doc](http://www.energy-regulators.eu/portal/page/portal/EER_HOME/EER_PUBLICATIONS/PRESS_RELEASES/2009/PR-09-04_CEER_QualityElectricitySupplyBenchmarking_2009-.doc)

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IPA Energy + Water Economics, 41 Manor Place, Edinburgh EH3 7EB. Tel: +44 (0) 131 240 0840 Fax: +44 (0) 131 220 6440
Email: contact@ipaeconomics.com

THE EUROPEAN UNION – PUBLIC CONSULTATIONS – ELECTRICITY INDUSTRY RELATED CONSULTATIONS (TITLES AND LINKS ONLY)

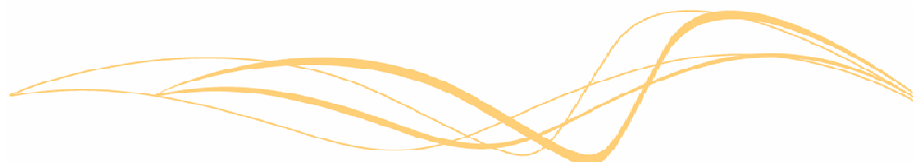
3 February

Energy security: EP adopts blueprint for the EU's future energy strategy

Link:

http://www.europarl.europa.eu/news/expert/infopress_page/051-48107-033-02-06-909-20090203IPR48106-02-02-2009-2009-false/default_en.htm

THE EUROPEAN REGULATORS GROUP FOR ELECTRICITY AND GAS (ERGEG) PRESS RELEASES (TITLES AND LINKS ONLY)

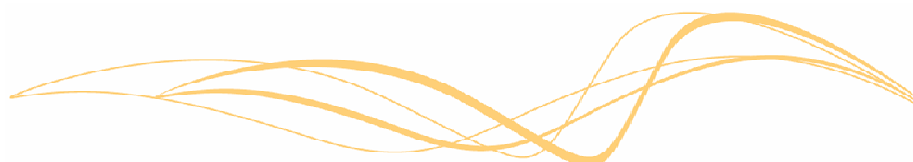


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SUMMARY OF CONSULTATIONS/PUBLICATIONS IN FEBRUARY 2009 & NEW BSC AND CUSC MODS AND DECISIONS

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. The table does not include DNO Charging methodology documents.

Carried forward from previous editions....		Issued	Response Due
Ofgem	<p>Title: Decision in relation to the Use of System Charging Methodology Modification Proposal GBECM-11: “charging arrangements for generator local assets”</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents/1/151208%20ECM-11%20decision%20letter.pdf</p>	15 December	1 April 2009
GB SO	<p>Title: CONCLUSIONS REPORT GB ECM-08 For the introduction of charging arrangements associated with Offshore Transmission Networks</p> <p>Link to cover letter: http://www.nationalgrid.com/NR/ronlyres/F4234457-B08E-40BE-BAE8-1FAA2E7AF421/30892/GBECM8Coveringletter.pdf Link to Final Report: http://www.nationalgrid.com/NR/ronlyres/BB54C616-52B7-4DBC-80D4-41BCEAADCE9E/30891/GBECM8ConcReport_final.pdf</p>	30 December	30 March
DECC	<p>Title: Five projects make Severn tidal power shortlist</p> <p>Link to PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=390719&NewsAreaID=2 Link to report webpage: http://severntidalpowerconsultation.decc.gov.uk/</p>	26 January	23 April
DECC	<p>Title: Environmental study to inform location of future offshore energy developments (Report title: Offshore Energy SEA Environmental Report)</p> <p>Link to PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=390775&NewsAreaID=2 Link to report web page: http://www.offshore-sea.org.uk/site/scripts/book_info.php?consultationID=16&bookID=11</p>	26 January	22 April



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DECC	<p>Title: Nominations open for new nuclear site assessment</p> <p>Link to PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=390875&NewsAreaID=2 Link to Government documents (which includes a nomination form) can be found at: http://www.berr.gov.uk/whatwedo/energy/sources/nuclear/consultations/closed-response/page47749.html</p>	27 January	31 March
EAC	<p>Title: NEW INQUIRY The role of carbon markets in preventing dangerous climate change</p> <p>Link: http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac280109.cfm</p>	30 January	3 March
<p>New in February 2009 (this does not include all the details of licence notices/modifications/ applications/revocations/licences granted or EU press releases or code issues or DNO charging methodologies)</p>			
Ofgem	<p>Title: Token prepayment meter customer issues - open letter</p> <p>Link: http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Token%20PPM%20update%20letter%20-%20Jan%202009%20update.pdf</p>	2 Feb	n/a
DECC	<p>Title: UK climate change sustainable development indicator: 2007 greenhouse gas emissions, final figures</p> <p>Link to PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=391626&NewsAreaID=2 Link to stats: http://www.defra.gov.uk/environment/statistics/globalatmos/index.htm</p>	3 Feb	n/a
Ofgem	<p>Title: Introduction of charging arrangements associated with Offshore Transmission Networks</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/090204GBECM08IA.pdf</p>	4 Feb	3 March



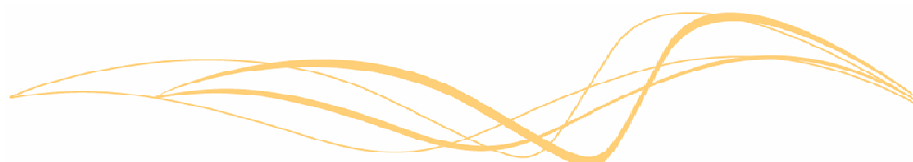
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DECC	<p>Title: Green light for three new power stations to power 4 million homes</p> <p>Link: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=391984&NewsAreaID=2</p>	5 Feb	n/a
Ofgem	<p>Title: Green Supply Guidelines</p> <p>Link to factsheet: http://www.ofgem.gov.uk/Media/FactSheets/Documents1/greentariffsfs.pdf Link to press release: http://www.ofgem.gov.uk/Media/PressRel/Documents1/040209ofgem8.pdf Link to guidelines:</p>	4 Feb	n/a
Ofgem	<p>Title: Distributed Energy - Final Proposals and Statutory Notice for Electricity Supply Licence Modification</p> <p>Link: http://www.ofgem.gov.uk/Sustainability/Environment/Policy/SmallGens/DistEng/Documents1/DE_Final_Proposals.pdf</p>	6 Feb	6 March
Ofgem	<p>Title: The Renewables Obligation Buy-Out Price and Mutualisation Ceiling 2009-10</p> <p>Link: http://www.ofgem.gov.uk/Sustainability/Environment/RenewableObl/Documents1/Press%20Release%20Buy-out%20Mutual%20_4_.pdf</p>	9 Feb	n/a
Ofgem	<p>Title: Amendment to the exemption orders granted to East West Cable One Limited (“EWC”) under standard condition 12 of the electricity Interconnector licence in respect of the EWC One and EWC Two interconnectors</p> <p>Link: http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/EWC%20amended%20exemption%20orders%20cover%20letter.pdf Links to amended exemption orders: http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/Amended%20Exemption%20Order%20-%20EWC%201%20FINAL.pdf http://www.ofgem.gov.uk/Markets/WhIMkts/CompandEff/TPAccess/Documents1/Amended%20Exemption%20Order%20-%20EWC%202%20FINAL.pdf</p>	10 Feb	n/a



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DECC	<p>Titles: Amendments To The Carbon Emissions Reduction Target- Consultation proposals Community Energy Saving Programme (CESP) Consultation Document Heat and Energy Savings Strategy Consultation</p> <p>Link to CERT consultation: http://decc.gov.uk/pdfs/cert-full-consultation.pdf Link to CESP consultation: http://decc.gov.uk/pdfs/cesp-full-consultation.pdf Link to HES: http://hes.decc.gov.uk/</p>	12 Feb	Response to CERT due: 14 April 2009 Response to CESP and HES due: 8 May
Ofgem	<p>Title: Publication of slides from Code Governance Review Workshop</p> <p>Links: http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_%20Review_Ofgem(2).ppt#3 http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_Review_EON_%20UK.ppt http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_Review_Ofgem%20(1).ppt http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_Review_JO.ppt http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_Review_NigelCornwall.ppt http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/CGovreview%20ConsumerFirst.ppt http://www.ofgem.gov.uk/Licensing/IndCodes/CGR/Documents/1/Code_Governance_Review_%20National_Grid.ppt</p>	17 Feb	n/a
Ofgem	<p>Title: Managing Constraints on the GB Transmission System</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/20090217Managing%20constraints.pdf</p>	17 Feb	National Grid to propose changes by the end of February
Ofgem	<p>Title: Regulation of Marketing</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/DirectMktng/Documents1/Regulation%20of%20marketing%20to%20domestic%20customers.pdf</p>	18 Feb	18 March



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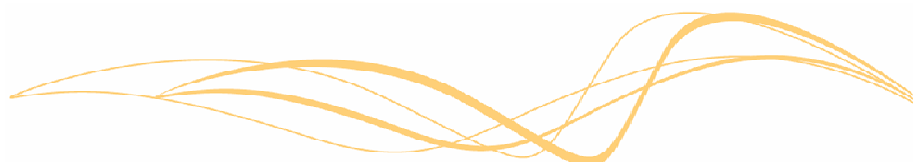
GB SO	<p>Title: Proposed Revisions to Balancing Principles Statement and Procurement Guidelines Following Annual Consultation</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/EC5DB1C4-420D-4D0E-8958-65D04BBB2056/32173/C16consultationREPORT19feb09v10.pdf</p>	19 Feb	20 March
Ofgem	<p>Title: National Grid frequency deviation response</p> <p>Link: http://www.ofgem.gov.uk/Markets/WhlMkts/CompandEff/InvestigReport/Documents1/Frequency%20deviation%2027%20May%202008.PDF</p> <p>Link to National Grid's report: http://www.nationalgrid.com/NR/ronlyres/E19B4740-C056-4795-A567-91725ECF799B/32165/PublicFrequencyDeviationReport.pdf</p>	19 Feb (dated 29 Jan)	n/a
DECC	<p>Title: EU Emissions Trading System: Volume of carbon allowances for the second UK auction and timetable for future auctions</p> <p>Link: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=393339&NewsAreaID=2</p>	23 Feb	n/a
Ofgem	<p>Title: Consumer Action: Understanding and Protecting Energy Consumers</p> <p>Link: http://www.ofgem.gov.uk/Media/FactSheets/Documents1/ofgemupdatesconsumerfirst_final.pdf</p>	26 Feb	n/a
GB SO	<p>Title: National Grid Electricity System Operator Incentives Final Proposals Report</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/75839C1D-51EE-4A36-B35E-74EAC5D3AF9D/32311/NGETSystemOperatorIncentivesFinalProposalReport.pdf</p>	27 Feb	n/a



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Ofgem	<p>Title: Transmission Access Review – Enhanced Transmission Investment Incentives Open Letter: Consultation on Short Term Measures Notice under Section 11(2) of the Electricity Act 1989 of proposed modification of electricity transmission licences held by National Grid Electricity Transmission plc, SP Transmission Ltd and Scottish Hydro Electric Transmission Ltd</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/090227TOShortTerm%20Measures.pdf</p>	27 Feb	27 March
Ofgem	<p>Title: Regulating energy networks for the future: RPI-X@20 Principles, Process and Issues</p> <p>Link: http://www.ofgem.gov.uk:80/Pages/MoreInformation.aspx?docid=1&refer=NETWORKS/RPIX20/PUBLICATIONS/CD Link to accompanying reports RPI by other regulators: http://www.ofgem.gov.uk/Networks/rpix20/publications/CD/Documents1/CEPA%20Final%20Ofgem%20report%20270209.pdf Characteristics of alternative frameworks: http://www.ofgem.gov.uk/Networks/rpix20/publications/CD/Documents1/RPI_Characteristics%20of%20alternative%20price%20control%20frameworks_270209.pdf Link to OXERA paper: http://www.ofgem.gov.uk/Networks/rpix20/forum/Documents1/Web%20forum%20-%20CEPA%20DOC.pdf Link to PR: http://www.ofgem.gov.uk/Media/PressRel/Documents1/RPIX20%20press%20release%20-%20final.pdf</p>	27 Feb	24 April
Ofgem	<p>Title: Renewables and CHP Register workshop: Renewables Obligation 2009 changes</p> <p>Link: http://www.ofgem.gov.uk/Sustainability/Environment/RCHPreg/Documents1/Workshop%20letter.pdf</p>	27 Feb	apply by 10 March

CUSC Modification Proposals – New Caps		Raised by	
CAP 168	<p>Transmission Access – Under-use and reallocation of TEC</p> <p>Link: http://www.nationalgrid.com/NR/rdonlyres/EEC25EC4-6BAC-4C14-852C-433182AA8127/32218/CAP168TransmissionAccessunderuseandreallocationofT.pdf</p>	ConocoPhillips	



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CAP 169	Provision of Reactive Power from Power Park Modules, Large Power Stations and Embedded Power Stations Link: http://www.nationalgrid.com/NR/ronlyres/EC8590F7-EF67-4D3D-AC44-68B30E3AB061/32219/CAP169ReactivePowerPPM_Large_embeddedv1.pdf	National Grid	
CAP 170	Category 5 System to Generator Operational Intertripping Scheme Link: http://www.nationalgrid.com/NR/ronlyres/76F87545-CAD4-4003-957E-E8F630B0DB04/32307/FinalCAP170AmendmentProposal.pdf	National Grid	
BSC Mod decisions		Approved On:	Implementation date:
P226	Improving Large Combustion Plant Directive Information Disclosure Decision: APPROVE Mod Panel Recommendation: Approve Mod Link: http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCCode/BSC/Documents1/P226%20D.pdf	27 February	25 June 2009

