



The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER ECONOMICS

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The EAC has announced it is holding an inquiry into carbon capture and storage

The EC has issued a public consultation on "EU Action to promote Offshore Wind Energy".

National Grid has published a "Summer Outlook" along the lines of its Winter Outlook.

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

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.

Headlines

- Long-Term Electricity Network Scenarios (LENS) Interim Report and third consultation
- Consultation on the EU Commission's proposals to amend the EU ETS from 2013
- Consultation on the European Commission's proposed Directive on Industrial Emissions (Integrated Pollution Prevention and Control)(Recast) – Combustion Plants
- The EAC has announced it is holding an inquiry into carbon capture and storage



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OFGEM PUBLICATIONS

Issue: Ofgem's proposals on National Grid's recovery of its costs of participating in the EU's Inter-TSO compensation scheme

Title: The Inter-TSO Compensation scheme 2008 and 2009

Published: 1 May
Response due: 12 June

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/The%20Inter-TSO%20Compensation%20scheme%20for%202008%20and%202009.pdf>

Ofgem has published an open letter setting out the process it proposes to use to accommodate National Grid's participation in the Inter-TSO compensation scheme and recover its costs under the charging regime. The estimated cost, calculated by ETSO, the association of European Transmission System operators, is €9.357 million per annum for the two year duration of the 2008/09 scheme – although this would be subject to an ex post adjustment, National Grid indicate any variation is likely to be small.

National Grid has also indicated that it will incur a number of internal costs in managing this scheme and is also seeking to recover these and possible exchange rate risk (payment is in Euros but NGET will recover costs in £s) costs. However, the letter indicates that Ofgem is currently "minded to" require National Grid to cover these costs internal and exchange rate costs itself and not to pass them through to customers although it does propose to set a date at which the exchange rate is expressed to help NGET manage the exchange rate risk. The letter also raises issues in respect of timescales for developing charging methodology changes to accommodate the cost recovery.

Issue: Report on TO Opex and Capex for 2006/07

Title: Transmission Annual Report for 2006-07

Published: 2 May
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Networks/Trans/RegReporti>

[ng/Documents1/Transmission%20Annual%20Report%20200607V2.pdf](http://www.ofgem.gov.uk/Documents1/Transmission%20Annual%20Report%20200607V2.pdf)

Ofgem has published the first annual report, introduced as part of the 2007-12 Transmission Price Control (TPCR4), giving operating cost and capital expenditure data for the gas and electricity transmission asset owners for the year ending 31 March 2007. The report also sets out Ofgem's provisional assessment of the Regulatory Asset Value (RAV) for each licensee as at 31 March 2007.

The report states that the total industry controllable operating costs in 2006/07 increased from £274m to £305m and that total industry capital expenditure entering the provisional RAV was £1,116m. Total capex is noted as being £54m lower than anticipated by Ofgem in TPCR4 and over 10% lower than the £1,242m indicated by the licensees at that time.

Issue: Consultation on proposed changes to the charging arrangements for IDNOs using Scottish Power Distribution and Scottish Power Manweb's networks.

Title: Consultation on proposals from Scottish Power Distribution and Scottish Power Manweb to modify Use of System charges for Independent Distribution Network Operators (IDNOs)

Published: 6 May
Response due: 17 June

Link:
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/PR-08-001a%20SP%20Consultation%20FINAL.pdf>

Ofgem is consulting on changes to the DUoS charging methodologies in respect of charges for IDNOs (Independent Distribution Network Operators) being proposed by Scottish Power Distribution and Scottish Power Manweb (SP).

Issue: Open letter on implications for licences where a company transforms to a European public limited liability company (SE company)

Title: European Public Limited Liability Companies (Societas Europaea) and licence requirements



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Published: 7 May
Response due: n/a

Link:
<http://www.ofgem.gov.uk/LICENSING/WORK/Documents1/SE%20Open%20letter-final.pdf>

Ofgem has published guidance in respect of its licence transfer requirements in the event that a company holding a licence transforms into a European public limited liability company or Societas Europaea (SE). The letter states that if a company transforms "in accordance with the requirements for registration under the EC SE Regulations and the implementing UK Regulations" Ofgem does "not consider this process to have an effect on that licensees' ongoing legal existence"...and will not require the licensee to transfer any licences held, nor will it require the resulting SE company to apply for a new licence itself. The letter also sets out the information Ofgem will require.

Issue: Guidance on the governance framework and regulatory processes surrounding the impact and implications on frequency standards of very large generators connecting to the network

Title: Impact of Larger Generating Units on GB Electricity Supply Frequency - Standards and Governance

Published: 8 May
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Documents1/080507openletter.pdf>

Ofgem has published an open letter providing guidance on the governance framework and regulatory issues surrounding the potential impact on frequency standards of larger generating units connecting to the GB transmission system and how any additional costs would be treated.

Issue: New Transmission Director at Ofgem

Title: Ofgem appoints new director

Published: 12 May
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%20R16-2008.pdf>

Ofgem has appointed Stuart Cook (from Energy and Utilities Consulting Practice of PA Consulting Group) as Transmission Director in the Networks Division.

Issue: Establishment of advisory panel of domestic consumers

Title: Ofgem recruits advisors from Britain's households

Published: 13 May
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%20R17-2008.pdf>

Ofgem has issued a press release announcing that it is to establish a new "Consumer First panel" of household energy consumers, by 1 October, to "help sharpen its focus on consumer concerns".

Issue / Title: Ofgem Resource Accounts 2007-08

Published: 14 May
Response due: n/a

Link:
http://www.ofgem.gov.uk/About%20us/CorpPlan/Documents1/397435_OFGEM%20Text_v3.pdf

Ofgem has published its resource accounts as required under the Government Resources and Accounts Act 2000 for the period ending 31 March 2008.

Issue: Publication of qualitative scenarios to 2050 as part of the LENS project

Title: Long-Term Electricity Network Scenarios (LENS) Interim Report and third consultation

Published: 14 May
Response due: 10 June

Link to cover letter:
Link to report:



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<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/LENS%20project%20-%20Interim%20Report.pdf>

Ofgem has published an interim report seeking views on a set of “qualitative” scenarios for 2050. This is to be followed by a consultation on the draft scenarios report which is due to be published by the end of June. The letter accompanying the interim report gives the background to the project and its evolution and the process that is being adopted of developing “energy scenarios” and mapping these across to develop “network scenarios”. The cover letter also states, in response to comments, that although the outcome of the LENS project will help set the context for DPCR5 and future price control reviews, there would be no direct link between the output of the LENS project and DNOs’ business plans requested for DPCR5.

The five energy scenarios within the Interim Report are called:

- “*Switch me on’: Passive and Active Consumers, Moderate Environmental Concern, Market Led Institutional Governance*”
- *‘Fix it for me’: Passive Consumers, Acute Environmental Concern, Both Market and Government Led Institutional Governance*
- *‘Government Led Green Agenda’: Active Consumers, Acute Environmental Concern, Government led Institutional Governance*
- *‘Dynamic Green Markets’: Active Consumers, Acute Environmental Concern, Market Led Institutional Governance; and*
- *‘Reactive Approach’: Increased Environmental Concern but never quite acute. Fluctuating Institutional Governance and Consumer Activity.’*

The five Network Scenarios onto which these are mapped are called:

- “*Big Transmission and Distribution*”
- *‘Energy Services Market Facilitation’*
- *‘Distribution System Operators (Lean Transmission)’*
- *‘Microgrids (Small Transmission and*

Distribution)’; and

- *‘Multi-Purpose Networks’.*”

Issue/Title: EDF Energy (IDNO) Ltd - Licence application consultation

Published: 16 May
Response due: 18 June

Link:

[http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/EDF%20Energy%20\(IDNO\)%20Ltd%20-%20Licence%20application%20consultation.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/EDF%20Energy%20(IDNO)%20Ltd%20-%20Licence%20application%20consultation.pdf)

Ofgem is consulting on an application by EDF Energy (IDNO) Ltd, which is an affiliate of three DNOs (EDF Energy Networks (LPN) plc, EDF Energy Networks (SPN) plc and EDF Energy Networks (EPN) plc) for a distribution licence. All four companies form part of EDF Energy’s ‘Networks Branch’. The letter also sets out the licence modifications that Ofgem would propose to make to the companies’ licences, should the licence be granted.

Issue: Ofgem procedures for applications from generators for Authority approval to exercise rights to access land

Title: Decision Letter - Procedure for Dealing with Requests for Authority Consent Under Standard Licence Condition 15 of the Electricity Generation Licence

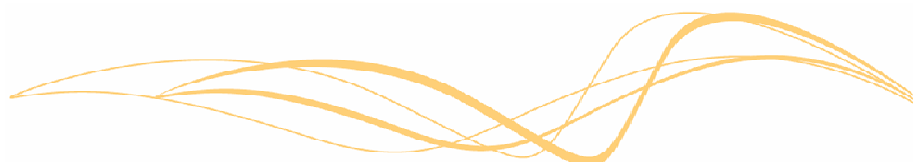
Published: 22 May
Response due: n/a

Link:

http://www.ofgem.gov.uk/Licensing/Work/Documents1/SLC15%20decision%20lettermay08_Final.pdf

Ofgem has published procedures governing how the Authority will deal with requests for consent from generators to exercise rights of access to land in accordance with the provisions of Standard Licence Condition 15 of the electricity generation licence.

Issue: DPCR4 reopener following amendments to the Electricity Safety Quality and Continuity Regulations 2002 (ESQCR), the Traffic Management



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Act 2004 (TMA) and the equivalent in Scotland.

Title: Special Condition A3 of the distribution licence – price control re-opener applications

Published: 22 May
Response due: 13 June

Link:
<http://www.ofgem.gov.uk/NETWORKS/ELECDIST/PR/ICECENTRLS/DPCR4/Documents1/DPCR%20%20Reopener%20Consultation.pdf>

Ofgem is consulting on the process it is proposing to follow in response to reopener requests under DPCR4 (Distribution Price Control Review 4) following amendments to the Electricity Safety Quality and Continuity Regulations 2002 (ESQCR), the Traffic Management Act 2004 (TMA) and the equivalent in Scotland.

Ofgem has asked DNOs to delay issuing reopener notices until the publication of the consultation conclusions on 1 July. Once such notices are issued, Ofgem has four months to reach a decision.

Issue: Ofgem consultation on SHETL's recovery of costs incurred in the Beaulieu-Denny Public Inquiry

Title: Beaulieu-Denny Public Inquiry Income Adjusting Event

Published: 28 May
Response due: 9 July

Link:
http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TIRG/Documents1/080527_BD%20PI%20IAE%20Consultation_FINAL.pdf

Ofgem has issued a further consultation on SHETL's claim for costs incurred as a result of the Beaulieu-Denny Public Inquiry to be treated as an "Income Adjusting Event" (IAE) and recovered via network charges. The claim is for costs actually incurred in 2006/07 and forecast costs for 2007/08.

Ofgem's letter indicates that it considers that SHETL's claim for £2.1m for 2006/07 is a valid claim and should be treated as an IAE and is seeking views on this position. However, it indicates that it does not think it appropriate to allow the claim for 2007/08 on

the basis of forecast costs indicating that SHETL needs to make a separate claim for these costs once they are known.

Issue: reporting and monitoring of expenditure under suppliers' social programs

Title: Monitoring suppliers' social initiatives - proposed reporting framework

Published: 29 May
Response due: 12 June

Link:
http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/suppliers%20social%20monitoring_consultation.pdf

Ofgem is consulting on its proposed framework for determining what expenditure falls within suppliers' social programs and how this is to be monitored. This follows the announcement that suppliers have agreed to increase spending on their social programs by £225m over the period 2008-11.

The consultation notes that if Ofgem does not get agreement to the framework, or if any supplier does not meet its commitments, Ofgem will flag the matter to BERR "who will review the voluntary basis of these arrangements going forward".

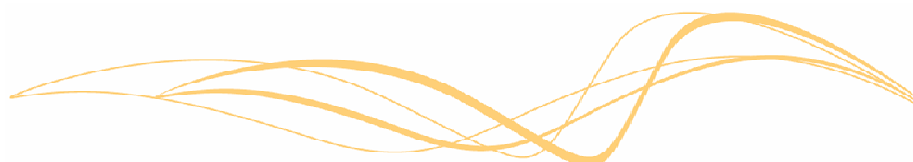
Issue: Inclusion of "Consumer Direct's" details on customers' bills when energywatch is abolished

Title: Consultation on Modification to Standard Licence Conditions

Published: 30 May
Response due: 27 June

Link:
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20on%20Modification%20to%20Standard%20Licence%20Conditions.pdf>

Ofgem has issued an open letter, and statutory notices, setting out the changes to suppliers' licence conditions that are needed to replace the requirement to include energywatch's details on customers' bills with Consumer Direct's details from the date on which energywatch is abolished - anticipated to be 1 October



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2008.

The letter notes that other amendments, required because of the Consumers, Estate Agents and Redress Act 2007 (CEAR Act), will be made at a later stage.

Issue: Social tariffs and other forms of support for those in Fuel Poverty

Titles:

(Ofgem): Ofgem publishes fuel poverty action programme

(DEFRA/BERR): Help with fuel bills for the poorest consumers

Published: 30 May

Response due: n/a

Link to Ofgem PR:

<http://www.ofgem.gov.uk/Media/PressRel/Documents/1/FP%20Summit%20Action%20Plan%20final.pdf>

Link to DEFRA PR:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=368981&NewsAreaID=2>

Link to BERR PR:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=368987&NewsAreaID=2>

Ofgem has announced the publication of a "Fuel Poverty Action Programme" aimed at helping customers on low incomes. The press release states that the programme emerged from the Ofgem-led Fuel Poverty Summit held in April and provides a series of practical steps to pinpoint help and to tackle fuel poverty.

LICENCES

NOTICES OF ELECTRICITY LICENCES APPLIED FOR IN MAY

EDF Energy (IDNO) Ltd - Licence application consultation

Published: 16 May

Response due: 18 June

Link:

[http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/EDF%20Energy%20\(IDNO\)%20Ltd%20-%20Licence%20application%20consultation.pdf](http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/EDF%20Energy%20(IDNO)%20Ltd%20-%20Licence%20application%20consultation.pdf)

NOTICES OF ELECTRICITY LICENCES ISSUED IN MAY

Company/Licence: **Imera Hydragrid/electricity interconnector licence**

Notice issued/licence granted: 2 May / 23 April

Link:

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

Company/Licence: **Haven Power Limited/extension to electricity supply licence to include domestic consumers**

Notice issued/licence granted: 19 May / 30 April

Link to direction:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/Haven%20Power%20domestic%20supply%20licence%20direction.pdf>

Link to reason for direction:

<http://www.ofgem.gov.uk/Licensing/Work/Notices/Licences/Documents1/Haven%20Power%20reasons%20notice.pdf>

GOVERNMENT AND OTHER BODIES

BERR

Issue/Title: The Energy Bill

Link: <http://services.parliament.uk/bills/2007-08/energy.html>

The Energy Bill passed to the House of Lords for its first reading on 1 May and second reading on 21 May; it is scheduled for Grand Committee on 12 June.

Issue/Title: Severn tidal power feasibility study: BERR appoints contractors

Published: 6 May

Response due: n/a

Link:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=366554&NewsAreaID=2>

BERR has announced that it has appointed a



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consortium, led by consulting firm Parsons Brinckerhoff, to manage the Strategic Environmental Assessment (SEA) for the Severn Tidal Power Feasibility Study.

DEFRA

Issue / Title: Consultation on the EU Commission's proposals to amend the EU ETS from 2013

Published: 7 May
Response due: 30 July

Link: <http://www.defra.gov.uk/corporate/consult/euets-2013amendments/index.htm>

DEFRA has issued a consultation seeking views on the European Commission's proposals for Phase 3 of the EU ETS as set out in the amended EU ETS Directive that was published on 23 January, together with the Government's position on these proposals.

The combination of the Phase 3 proposals and other aspects of the Commission's environmental proposals on the UK is summarised as:

- *"a reduction of 16 per cent in UK greenhouse gas emissions from sectors not covered by the EU ETS by 2020 from 2005 levels;*
- *for 15 per cent of the energy consumed in the UK to come from renewable sources by 2020;*
- *for 10 per cent of road transport fuels to come from renewable sources, subject to it being demonstrated that bio-fuel production is sustainable and that second generation bio-fuels are commercially available."*

The consultation covers:

- Scope of the EU ETS;
- Cap setting;
- Allocation methodology;
- Linking to other trading systems and the use of project credits; and
- Monitoring, reporting and verification (MRV).

The consultation indicates that, in general, Government supports the package of proposals developed by the EC with only minor variations. The main exceptions include:

- Government supports the establishment of a European Carbon Bank, an independent body to

be responsible for setting future caps for the EU ETS and establishing how the carbon market should operate in the future – this is not part of the EC's package of proposals;

- Government does not agree with the Commission's proposed approach of setting single harmonised levels of auctioning and instead favours harmonised EU minimum levels of auctioning leaving it open to Member States to set higher levels of auctioning within their country. It also prefers auctioning levels to be set by co-decision in the Directive itself, rather than by a Commission committee decision;
- Government is still considering options for free allocation and the consultation states that it wants to understand better the possible risks that the use of benchmarks may benefit one sector over another;
- Government is considering the most appropriate EU decision-making route for a number of policy areas, including where decisions are made across sectors, suggesting that this may be best carried out by co-decision (approved by both the Council of the EU and the European Parliament to become law)
- Government considers that less than 5% (the amount proposed by the EC) of allowances should be set aside for the New Entrant Reserve (NER) although it supports the proposed EU wide NER;
- **Government opposes the Commission's proposal that 10% of a Member State's auctionable allowances should be taken from Member States that have an average income per head that is more than 20 per cent above the EU average and redistributed (UK would not receive any of the re-distributed allowances);**
- **Government is opposed to the Commission's proposal to "ear mark" revenue from auctioning for tackling the causes and consequences of climate change and supporting achievement of renewable energy and energy efficiency targets;**
- Government has not yet taken a view on the Commission's approach on the use of project credits and notes that the Commission's proposals are complex;
- Government has yet to reach a view on the EC's proposal that there should be a centralised EU registry run by the Commission.



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Issue / Title: Personal carbon trading evaluation published

Published: 8 May
Response due: n/a

Link to PR:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=366969&NewsAreaID=2>

Link to DEFRA webpage:

<http://www.defra.gov.uk/environment/climatechange/uk/individual/carbontrading/>

Government has published a “pre-feasibility analysis” of personal carbon trading.

DEFRA notes that, whilst it remains interested in the concept of personal carbon trading, the findings of the initial study mean that it will not be pursuing this option further at this stage although it also notes that further research is being taken forward by academics and research institutions and it will keep a watching brief on their progress.

The accompanying report on technical feasibility and potential costs of a personal carbon trading scheme estimates the cost for setting up the Personal Carbon Trading scheme could be between £700 million - £2 billion with estimated running costs between £1 billion - £2 billion per year.

The Environmental Audit Committee subsequently published its report on personal carbon trading, on 26 May, urging Government not to abandon this approach – see below.

Issue: Publication of Phase 1 results

Title: Woolas praises Emissions Trading System's remarkable progress

Published: 20 May
Response due: n/a

Link:

<http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=367992&NewsAreaID=2>

Link to sector level summary:

<http://www.defra.gov.uk/environment/climatechange/trading/eu/pdf/sectorlevel-ukresults-2007.pdf>

DEFRA has published the results of Phase I of the EU ETS, which ended on 31 December 2007. The

results show the emissions, total allocation, number of installations and difference between emissions and total allocation by sector. The Power station sector showed a shortfall of -124.3 mtonnes CO₂, the total shortfall was 88.

The accompanying PR states that overall emissions from installations covered by the scheme increased by 5.4 million tonnes compared to 2006 levels. However, it also notes that this was caused by an additional 59 organisations joining the scheme in 2007 and that the total emissions of organisations covered by the scheme in 2006 decreased by 2.9 million tonnes in 2007.

Issue / Title: Consultation on the European Commission's proposed Directive on Industrial Emissions (Integrated Pollution Prevention and Control)(Recast) – Combustion Plants

Published: 29 May
Response due: 25 July (or earlier)

Link to webpage:

<http://www.defra.gov.uk/corporate/consult/emissions-combustion/index.htm>

Link to consultation document:

<http://www.defra.gov.uk/corporate/consult/emissions-combustion/consultation.pdf>

DEFRA has issued a consultation seeking views on the European Commission's proposals, published on 21 December 2007, on the substantive amendments which directly affect combustion plants.

ENVIRONMENTAL AUDIT COMMITTEE

Issue: The EAC has announced it is holding an inquiry into carbon capture and storage

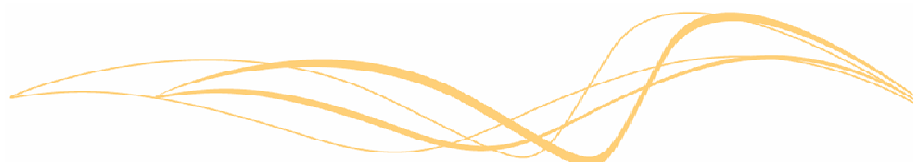
Title: Carbon capture and storage

Published: 22 May
Response due: 20 June

Link:

http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_220508.cfm

The EAC has announced that it is launching a brief inquiry into carbon capture and storage “with a particular focus on developments surrounding the



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Kingsnorth power station”.

Issue: EAC's support for Personal Carbon Trading

Title of PR: Government must not abandon work on personal carbon trading

Published: 26 May
Response due: n/a

Link to PR:

http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_270508.cfm

Link to report:

<http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/565/565.pdf>

The EAC has published its report on the use of personal carbon trading as a mechanism to deliver carbon reductions in the domestic sector. The EAC emphasises the importance of tackling carbon emissions within the domestic sector and concludes that “Personal carbon trading might be the kind of radical measure needed to bring about behavioural change” and that it considers that this has “the potential to drive greater emissions reductions than green taxation”.

GB SO

Issue: National Grid's fourth tender for the Constraint Management Service

Title: Constraint Management Service

Published: 20 June
Response due: see below

Link:

http://www.nationalgrid.com:80/uk/Electricity/Balancing/services/systemsecurity/constraint_agree/

National Grid has published tender documentation for Constraint Management Services to commence Monday 23 June.

The Constraint Management Requirement Notice covers the following:

“Zonal Requirement: **Scotland**
Constraint Type: **Export**

Constraint Management Period: **23rd June - 18th July 2008:-**

Weekday / Weekend Extended Peak (07:00 – 23:00)”

The key dates given for this tender round:

- “Market Day: 17:00 hours on Friday 30th May 2008
- Tender Opening: Monday 2nd June 2008
- Tenderers notified of results: Friday 13th June 2008
- Service commencement: Monday 23rd June 2008”

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

Brussels, 6 May 2008

EU Presses Forward on the Promotion of European Rights for Energy Consumers

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/708&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 6 May 2008

Speech by Andris Piebalgs (Energy Commissioner)

Consumers Come First in the Internal Energy Market - Keynote speech at the conference on the rights of energy consumers

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=SPEECH/08/227&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 23 May 2008

Emissions trading: 2007 verified emissions from EU ETS businesses

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/787&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 29 May 2008

EC-Norway Energy Dialogue: boosting cooperation in the internal energy market, offshore wind and Carbon Capture and Storage projects

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/817&format=HTML&aged=0&language=EN>



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Brussels, 30 May 2008

Commissioner Piebalgs welcomes the cooperation between Europe's two biggest energy spot markets

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/08/829&format=HTML&aged=0&language=EN&guiLanguage=en>

THE BSC AND CUSC

BSC – joiners and leavers in May

Joiners...

E.ON Energy Trading AG as a Non-Physical Trader & Interconnector User

Other BSC Business

Credit Assessment Price (CAP) Consultation

Issued: 14 May 2008

Response due: 9 May 2008

Link:

[http://www.elexon.co.uk/documents/Consultations/Consultation_on_Credit_Assessment_Price_\(CAP\)/Credit_Assessment_Price_Consultation.pdf](http://www.elexon.co.uk/documents/Consultations/Consultation_on_Credit_Assessment_Price_(CAP)/Credit_Assessment_Price_Consultation.pdf)

ELEXON issued a consultation, on behalf of the BSC's Credit Committee, seeking views on the recommended that the Credit Assessment Price (CAP) is increased from its current level of £61/MWh to £78/MWh.

BSC Panel Elections 2008

Elections will take place for the industry representatives on the BSC Panel. Letters inviting nominations will be sent out to all Parties on 20 June 2008; if more than five candidates are nominated, voting forms will be sent on 17 July 2008.

Link (although not working on 1 June):

<http://www.elexon.co.uk/500.aspx?aspxerrorpath=/bsc/panelandcommittees/bscpanelection2006/default.aspx>

BSC Modification Decisions - REJECT

- P218 Facilitating Microgeneration within the

BSC

Date of decision: 20 May

Implementation date: n/a

Panel recommendation: reject

Link:

<http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCCode/BSC/Documents1/P218%20D.pdf>

Ofgem has rejected Good Energy's proposed modification to allow energy exported from microgeneration to be treated in a similar way to non half hourly un-metered energy supplies and estimated.

The decision letter notes that Ofgem plans to hold a meeting of the Microgeneration Forum in June and that it will use the meeting to discuss how the arrangements for including microgeneration within settlement could be improved without incurring implementation costs at the level quoted for this modification.

CUSC

CUSC Amendments – decisions

- CAP 150 (Capacity Reduction)

Decision: APPROVE Alternative Amendment A ("CAA A")

Decision date: 1 May

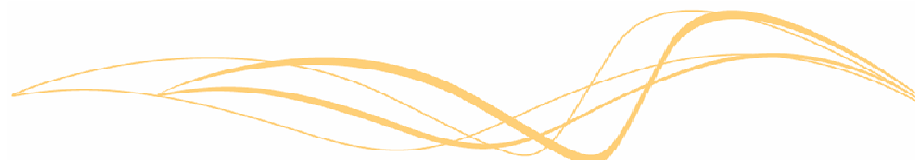
Implementation date: 16 May 2008

Panel recommendation: APPROVE Alternative Amendment A ("CAA A")

Link to decision:

http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=CAP149_Decision_Final.pdf&refer=Licensing/ElecCodes/CUSC/Amend

The change creates a two stage process under which NGET can reduce the contracted capacity of users with construction agreements associated with contracted Transmission Entry Capacity (TEC) where the generator will not be able to use the contracted capacity by the completion date. The approved alternative amendment A also ensures consistent treatment of generators with BEGAs and BELLAs.



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New Amendment Proposals

- **CAP167 (Definition of a threshold(s) associated with the request for a Statement of Works)**

Raised on: 12 May
Raised by: National Grid

Link:

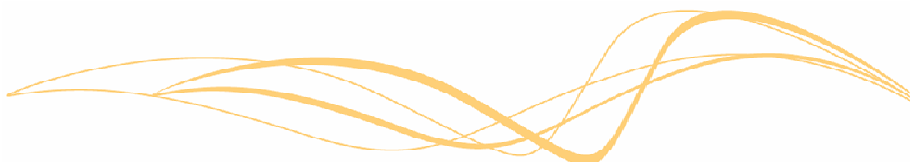
<http://www.nationalgrid.com/NR/ronlyres/3482D967-80B0-41B6-847B-B4B7C9B052ED/25578/CAP167thresholdSofWbv.pdf>

The CAP proposes changes to provide clarification in assessing whether a small embedded power station development (or the aggregate effect of multiple projects) has a “significant impact on the GB transmission system” for the purposes of determining whether a DNO is required to request a Statement of Works from National Grid for small generation projects connecting to its system.

IPA Disclaimer

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

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SUMMARY OF May 2008 CONSULTATIONS & NEW BSC AND CUSC MODS AND DECISIONS

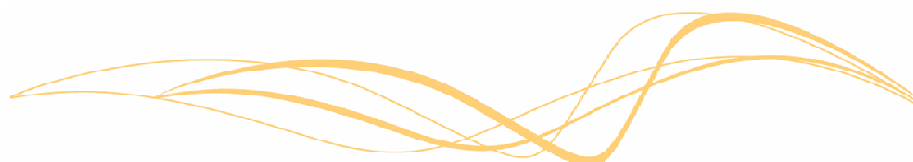
Please note that whilst considerable effort is made to keep this up to date some, possibly important, consultations and announcements will inevitably have been missed. Readers should also refer to the relevant documents to confirm response dates.

Carried forward from previous editions....		Issued	Response Due
Ofgem	Title: Electricity Distribution Price Control Review Initial Consultation Document Link: http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/DPCR5/Documents1/Initial%20consultation%20document.pdf	28 March	23 June
BERR	Title: Next step taken towards new nuclear power with start of justification process Link to PR: http://www.gnn.gov.uk/environment/fullDetail.asp?ReleaseID=363848&NewsAreaID=2&NavigatedFromDepartment=True Link to BERR webpage: http://www.berr.gov.uk/energy/nuclear-whitepaper/justification/page45386.html	31 March	7 June
DEFRA	Title: Consultation on draft Marine Bill Link: http://www.defra.gov.uk/marine/legislation/index.htm	3 April	26 June
Scot Exec	Title: Introduction of Banding to the Renewables Obligation (Scotland) Link: http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROSCons08BPR	11 April	4 July
EC	Title: Public consultation on "EU Action to promote Offshore Wind Energy" Link: http://ec.europa.eu:80/energy/res/consultation/offshore_wind_energy_en.htm	24 April	20 June



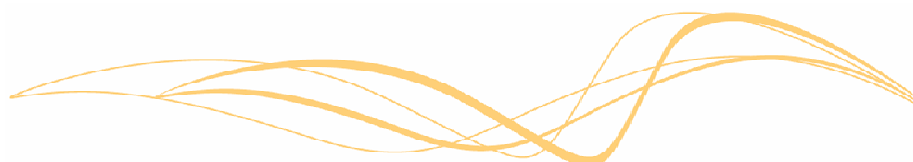
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New in May (this does not include all the details of licence notices/modifications/ applications/revocations/licences granted or EU press releases or code issues)			
Ofgem	Title: The Inter-TSO Compensation scheme 2008 and 2009 Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Chargin/g/Documents1/The%20Inter-TSO%20Compensation%20scheme%20for%202008%20and%202009.pdf	May	12 June
Ofgem	Title: Transmission Annual Report for 2006-07 Link: http://www.ofgem.gov.uk/Networks/Trans/RegReporting/Documents1/Transmission%20Annual%20Report%20200607V2.pdf	2 May	n/a
BERR	Title: Severn tidal power feasibility study: BERR appoints contractors Link: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=366554&NewsAreaID=2	6 May	n/a
Ofgem	Title: Consultation on proposals from Scottish Power Distribution and Scottish Power Manweb to modify Use of System charges for Independent Distribution Network Operators (IDNOs) Link: http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/PR-08-001a%20SP%20Consultation%20FINAL.pdf	6 May	17 June
Ofgem	Title: European Public Limited Liability Companies (Societas Europaea) and licence requirements Link: http://www.ofgem.gov.uk/LICENSING/WORK/Documents1/SE%20Open%20letter-final.pdf	7 May	n/a
BERR	Title: Consultation on the EU Commission's proposals to amend the EU ETS from 2013 Link: http://www.defra.gov.uk/corporate/consult/euets-2013amendments/index.htm	7 May	30 July



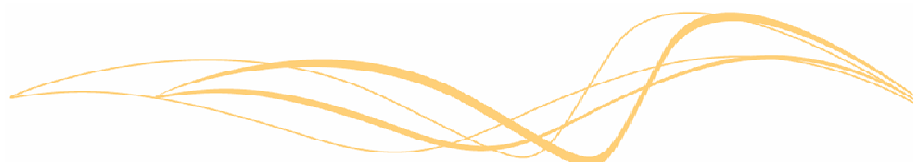
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DEFRA	<p>Title: Personal carbon trading evaluation published</p> <p>Link to PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=366969&NewsAreaID=2 Link to DEFRA webpage: http://www.defra.gov.uk/environment/climatechange/uk/individual/carbontrading/</p>	8 May	n/a
Ofgem	<p>Title: Impact of Larger Generating Units on GB Electricity Supply Frequency - Standards and Governance</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Documents1/080507openletter.pdf</p>	8 May	n/a
Ofgem	<p>Title: Ofgem appoints new director</p> <p>Link: http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%20R16-2008.pdf</p>	12 May	n/a
Ofgem	<p>Title: Ofgem recruits advisors from Britain's households</p> <p>Link: http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%20R17-2008.pdf</p>	13 May	n/a
Ofgem	<p>Title: Ofgem Resource Accounts 2007-08</p> <p>Link: http://www.ofgem.gov.uk/About%20us/CorpPlan/Documents1/397435_OFGEM%20Text_v3.pdf</p>	14 May	n/a
Ofgem	<p>Title: Long-Term Electricity Network Scenarios (LENS) Interim Report and third consultation</p> <p>Link to cover letter: Link to report: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/LENS%20project%20-%20Interim%20Report.pdf</p>	14 May	10 June
Ofgem	<p>Title: EDF Energy (IDNO) Ltd - Licence application consultation</p> <p>Link: http://www.ofgem.gov.uk/Networks/ElecDist/Policy/IDNOs/Documents1/EDF%20Energy%20(IDNO)%20Ltd%20-%20Licence%20application%20consultation.pdf</p>	16 May	18 June



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NGET	<p>Title: Constraint Management Service</p> <p>Link: http://www.nationalgrid.com:80/uk/Electricity/Balancing/services/systemsecurity/constraint_agree/</p>	20 May	as per tender timetable
DEFRA	<p>Title: Woolas praises Emissions Trading System's remarkable progress</p> <p>Link: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=367992&NewsAreaID=2 Link to sector level summary: http://www.defra.gov.uk/environment/climatechange/trading/eu/pdf/sectorlevel-ukresults-2007.pdf tion document: http://www.defra.gov.uk/corporate/consult/emissions-combustion/consultation.pdf</p>	20 May	n/a
Ofgem	<p>Title: Decision Letter - Procedure for Dealing with Requests for Authority Consent Under Standard Licence Condition 15 of the Electricity Generation Licence</p> <p>Link: http://www.ofgem.gov.uk/Licensing/Work/Documents1/SLC15%20decision%20lettermay08_Final.pdf</p>	22 May	n/a
Ofgem	<p>Title: Special Condition A3 of the distribution licence – price control re-opener applications</p> <p>Link: http://www.ofgem.gov.uk/NETWORKS/ELECDIST/PRICECTRLS/DPCR4/Documents1/DPCR%204%20Reopener%20Consultation.pdf</p>	22 May	13 June
DEFRA	<p>Title: Carbon capture and storage</p> <p>Link: http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_220508.cfm</p>	22 May	20 June
EAC	<p>Title of PR: Government must not abandon work on personal carbon trading</p> <p>Link to PR: http://www.parliament.uk/parliamentary_committees/environmental_audit_committee/eac_270508.cfm Link to report: http://www.publications.parliament.uk/pa/cm200708/cmselect/cmenvaud/565/565.pdf</p>	26 May	n/a



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Ofgem	Title: Beaulieu-Denny Public Inquiry Income Adjusting Event Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TIRG/Documents1/080527_BD%20PI%20IAE%20Consultation_FINAL.pdf	28 May	9 July
	Title: Monitoring suppliers' social initiatives - proposed reporting framework Link: http://www.ofgem.gov.uk/Sustainability/SocAction/Suppliers/CSR/Documents1/suppliers%20social%20monitoring_consultation.pdf	29 May	12 June
	Title: Consultation on Modification to Standard Licence Conditions Link: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20on%20Modification%20to%20Standard%20Licence%20Conditions.pdf	30 May	27 June
OFGEM/ BERR/ DEFRA	Titles: (Ofgem): Ofgem publishes fuel poverty action programme (DEFRA/BERR): Help with fuel bills for the poorest consumers Link to Ofgem PR: http://www.ofgem.gov.uk/Media/PressRel/Documents1/FP%20Summit%20Action%20Plan%20final.pdf Link to DEFRA PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=368981&NewsAreaID=2 Link to BERR PR: http://nds.coi.gov.uk/Content/Detail.asp?ReleaseID=368987&NewsAreaID=2	30 May	n/a

BSC Mod Decisions REJECT		On:	
P218	Facilitating Microgeneration within the BSC Date of decision: 20 May Implementation date: n/a Panel recommendation: reject Link: http://www.ofgem.gov.uk/Licensing/ElecCodes/BSCCode/BSC/Documents1/P218%20D.pdf	20 May	



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New CAPs		By:	On:
CAP 167	<p>Definition of a threshold(s) associated with the request for a Statement of Works</p> <p>Link: http://www.nationalgrid.com/NR/rdonlyres/3482D967-80B0-41B6-847B-B4B7C9B052ED/25578/CAP167thresholdSofWbv.pdf</p>	12 May	National Grid
CAP decisions (approve)		Approved on:	Implement on:
CAP 150	<p>Capacity Reduction</p> <p>Decision: APPROVE Alternative Amendment A (“CAA A”)</p> <p>Panel recommendation: APPROVE Alternative Amendment A (“CAA A”)</p> <p>Link to decision: http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=CAP149_Decision_Final.pdf&refer=Licensing/ElecCodes/CUSC/Amend</p>	1 May	16 May

