



# The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER CONSULTING

Inside...

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**IPA**  
Energy + Water Consulting

# 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 November 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 has published an open letter which sets out the methodology Ofgem will use for developing long-term scenarios for electricity networks in Great Britain.**
- **Ofgem has published its intention to modify the Transmission Licence to allow the small generator TNUoS discount to continue until 31 May 2009.**
- **Ofgem has published an open letter setting announcing a review of industry code governance, which will consider the structure and operation of various aspects of the current industry governance arrangements.**
- **Ofgem has published updated proposals for its guidelines on “green tariffs”, amongst the changes is the proposal to develop separate guidelines for “renewable” and “low carbon” tariffs.**
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## OFGEM PUBLICATIONS

**Issue: change of responsibility for certain technical meter issues**

**Title: Licence Fee Payments: Transfer of statutory responsibilities for Gas and Electricity Metering Functions from Ofgem to National Weights and Measures Laboratory**

Published: 31 October  
Response due: 13 November

Link:  
<http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Statutory%20transfertoNWMLlicenfeefee%20letter2.pdf>

Ofgem has published an open letter giving details of the arrangements under which NWML (National Weights and Measures Laboratory) currently undertakes certain functions in respect of meter technical issues on behalf of Ofgem and advising that the statutory responsibility for these functions (which are described as “essentially, the accuracy of meters and ensuring long term conformance to performance requirements”) will eventually pass to NWML, probably through provisions within the forthcoming Energy Bill. The letter advises that this will result in changes to the licence of those licensees that cover Ofgem’s cost (gas and electricity network licenses) but the net effect of the changes is expected to be neutral.

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**Issue/Title: Electricity Distribution Quality of Service Report**

Published: 31 October  
Response due: n/a

Link:  
<http://www.ofgem.gov.uk/Networks/ElecDist/QualofService/QualofService/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Report.pdf>  
Link to data spreadsheet:  
<http://www.ofgem.gov.uk/Networks/ElecDist/QualofService/QualofService/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Data.xls>

Ofgem has published its annual report on the quality of service provided by DNOs – covering the period 1 April 2006 – 31 March 2007. The report notes that performance was impacted by severe weather throughout the year but that underlying performance continues to be better than that recorded at the beginning of the incentive scheme.

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**Issue: Ofgem’s response to the SDC’s report into its role and work on sustainability**

**Title: Sustainable Development Commission (SDC) report: September 07 - Ofgem’s response**

Published: 1 November  
Response due: n/a

Link:  
<http://www.ofgem.gov.uk/Sustainability/Documents1/Response%20to%20SDC%20report%20011107.pdf>

Ofgem has published its response to the report and recommendations from the SDC, published in October, which looked at Ofgem’s role and work on sustainability. Ofgem’s response, which also refers to its second annual Sustainable Development Report (see link below), contains narrative and detailed comments on the SDC’s recommendations under three headings:

- Statutory framework and governance;
- Sustainable energy networks; and
- Sustainable energy markets.

Ofgem does not appear to be making any fundamental changes in response to the SDC report and notes that “In most cases action was already in hand, with some initiatives dating back to 2003 - and while the SDC review itself was going on, Ofgem was progressing further initiatives, some of which, for timing reasons, were not reflected in their final report”.



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## **Issue/Title: Ofgem response to BERR Consultation on Energy Metering and Billing**

Published: 6 November  
Response due: n/a

Link:

[http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Smart/Documents1/Ofgem%20response%20to%20BERR%20Consultation\\_311007\\_final.pdf](http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Smart/Documents1/Ofgem%20response%20to%20BERR%20Consultation_311007_final.pdf)

Ofgem has published an open letter setting out its response to BERR's consultation on metering and billing. The general tenor of the response is that Ofgem support the majority of BERR's proposals with the exception of the proposal to require suppliers to provide electricity clip on visual display units. Ofgem's cover letter describes this as "a costly intervention that is unlikely to deliver any benefits and will distract suppliers and delay the introduction of smarter meters". The letter also states that the "continued debate over the metering market model is stalling progress on interoperability and other important matters and we urge government to create a stable and sound policy platform for smart meter delivery as soon as possible".

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## **Issue: Ofgem specification of standards for complaint handling from business customers in line with the provisions of the Consumers, Estate Agents and Redress Act 2007**

**Titles:  
Complaint handling standards  
Research on Consumers' Views on Complaints Handling**

Published: 9 November  
Response due: 21 December

Link to consultation:

<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Complaint%20Handling%20Standards%20Consultation.pdf>

Link to research report:

[http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Ofgem\\_Complaint%20Handling%20Report.pdf](http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Ofgem_Complaint%20Handling%20Report.pdf)

Ofgem has published its initial view on the standards that should apply for handling complaints in the energy sector under the Consumers, Estate Agents and

Redress Act 2007 together with a report on research it had commissioned on consumers' views on complaint handling.

The key elements of Ofgem's proposals are that the standards should provide for companies to:

- "adopt common definition of a complaint;
- record complaints on receipt;
- signpost the redress scheme;
- provide escalation points for new National Consumer Council referrals; and
- provide information on performance."

Ofgem is also seeking views on scope and whether these key elements apply in all cases.

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## **Issue: Scenarios and project update for the LENS project**

**Title: Long-Term Electricity Network Scenarios (LENS) – methodology, general project update and second workshop**

Published: 12 November  
Response due: n/a

Link:

[http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/071022\\_Methodology%20Ofgem%20open%20letter.pdf](http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/071022_Methodology%20Ofgem%20open%20letter.pdf)

<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=LENS-Scenarios%20Methodology%20-%20v070926.pdf&refer=Networks/Trans/ElecTransPolicy/lens>

Ofgem has published an open letter, and accompanying annex, that sets out the methodology Ofgem will use for developing long-term scenarios for electricity networks in Great Britain. The letter provides a project update and indicative timetable as follows:

- Report on scenarios inputs November 2007
- Second workshop December 2007
- Draft scenarios report January/February 2008
- Third workshop February/March 2008
- Final scenarios report May/June 2008.

The second workshop will be held on 14 December.



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**Issue: Clarification of requirements for specifying connection location for interconnector licence applications.**

**Title: Open Letter - Interconnector licence application**

Published: 20 November (dated 19 November)  
Response due: n/a

Link:

<http://www.ofgem.gov.uk/Licensing/Work/Documents1/Open%20letter%20interconnector.pdf>

Ofgem has published an open letter clarifying the requirement to specify the point of location of an interconnector in applications for an Interconnector licence.

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**Issue: Publication of Ofgem's Green Supply Guidelines**

**Title: Cutting green customer confusion – next steps**

Published: 21 November  
Response due: 9 January 2008

Link to consultation document:

[http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20green%20customer%20confusion\\_consultation%20document.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20green%20customer%20confusion_consultation%20document.pdf)

Link to appendices:

[http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20the%20green%20customer%20confusion\\_consultation%20document%20appendices.pdf](http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20the%20green%20customer%20confusion_consultation%20document%20appendices.pdf)

Ofgem has published updated proposals for its guidelines on “green tariffs”, amongst the changes is the proposal to develop separate guidelines for “renewable” and “low carbon” (including nuclear) tariffs that will apply across market sectors.

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**Issue: Proposed changes to SP's transmission licence in respect of changes to transmission reinforcement works**

**Title: Notice of modification to the transmission**

**licence of Scottish Power Transmission Limited Schedule C condition J3 under section 11 of the Electricity Act 1989 - B5 boundary works**

**&**

**Notice of modification to the transmission licence of ScottishPower Transmission Limited Schedule C condition J3 under section 11 of the Electricity Act 1989 - Sloy output measures**

Published: 22 November

Response due (B5 Boundary works): 6 January 2008

Response due (Sloy): 3 January 2008

Link (B5 boundary Notice):

[http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Documents1/B5\\_Boundary\\_section\\_11\\_consultation\\_Final.pdf](http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Documents1/B5_Boundary_section_11_consultation_Final.pdf)

Link (Sloy Notice):

[http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Documents1/SLOY\\_Section\\_11\\_Licence\\_consultation\\_Final.pdf](http://www.ofgem.gov.uk/Licensing/Work/Notices/Modification/Documents1/SLOY_Section_11_Licence_consultation_Final.pdf)

Formal notices of intention to modify SP's transmission licence to deal with changes to the definition of “output measures” associated with various prior changes in respect of certain reinforcement works.

The changes in respect of Sloy follow from SP's request that changes to the reinforcement works should be treated as an “output measures adjusting event”; the changes in respect of the B5 Boundary works follow previous decisions to allow this work to be separated from the Beauley-Denny project.

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**Issue: Extension of small generator discount until 2009**

**Title: Conclusions in respect of the consultation on the discount for small transmission connected generators and Notice under Section 11A of the Electricity Act 1989 - 280/07**

Published: 26 November

Response due: 4 January 2008

Link:

<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Small%20generator%20document.pdf>



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Ofgem has published its intention to modify the Transmission Licence to allow the small generator TNUoS discount (for eligible small generators connected at 132kV in Scotland) to continue until 31 May 2009. The letter also indicates that National Grid has set out a timetable for developing and implementing an enduring solution, under the normal governance mechanisms, which would supersede this arrangement and that Ofgem considers this process could be completed before 31 May 2009.

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## Issue/Titles:

**Renewables Obligation: Guidance for licensed electricity suppliers (Great Britain)**

**Renewables Obligation: Guidance for licensed electricity suppliers (Northern Ireland)**

Published: 27 November  
Response due: n/a

Link GB:

[http://www.ofgem.gov.uk/Sustainability/Environmnt/Re%20newablObl/Documents1/supplier%20guidance\\_Nov%2007\\_GB.pdf](http://www.ofgem.gov.uk/Sustainability/Environmnt/Re%20newablObl/Documents1/supplier%20guidance_Nov%2007_GB.pdf)

Link (NI):

[http://www.ofgem.gov.uk/Sustainability/Environmnt/Re%20newablObl/Documents1/supplier%20guidance\\_Nov%2007\\_NI.pdf](http://www.ofgem.gov.uk/Sustainability/Environmnt/Re%20newablObl/Documents1/supplier%20guidance_Nov%2007_NI.pdf)

Ofgem has published updated guides, for licensed electricity suppliers in Great Britain and Northern Ireland, on the Renewables Obligation and what suppliers need to do to comply with their obligations under the RO.

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## Issue/Title: Review of the Energy Supply Ombudsman

Published: 27 November  
Response due: n/a

Link:

<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Review%20of%20the%20Energy%20Supply%20Ombudsman.pdf>

Ofgem has published the results of its review of the Energy Supply Ombudsman which includes a summary of Ofgem's recommendations for improvements to the scheme and suppliers' interaction with it and the process and activities that will be undertaken to give effect to a formal redress system in accordance with the requirements of the CEAR Act (Consumers, Estate Agents and Redress Act 2007).

## Issue/Title: Ofgem appoints new Managing Director, Markets

Published: 27 November  
Response due: n/a

Link:

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

Ofgem has announced the appointment of Dr. **Andrew Wright** as its new MD Markets. According to the press release, his previous role was lead UK analyst with UBS and, prior to this, he had worked with Cazenove & Co, Merrill Lynch and Manweb.

## Issue/Title: Open letter announcing review of industry code governance

Published: 28 November  
Response due: 22 January 2008

Link:

<http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Open%20letter%20announcing%20governance%20review.pdf>

Ofgem has published an open letter setting out a number of areas of concern in respect of the structure and operation of various aspects of the current industry governance arrangements.

These concerns are quite broad in scope and touch on issues such as:

- whether the scope and clarity of code objectives is adequate and whether objectives are still fit for purpose in the light of wider statutory changes to Ofgem's objectives;
- the difficulties Ofgem faces in reaching decisions if the analysis it relies on, that is undertaken by code bodies, is inadequate;
- whether governance of charging methodologies should be transferred to industry codes and subject to administration by independent bodies rather than network operators (and whether industry parties should have the right to propose changes);



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- and
- whether there are too many diverse code administration bodies (and objectives) and other issues such as the scope for greater self regulation within the codes, the appropriateness of the structure of code panels and committees, and the quality of legal text.

The letter states that, in view of its concerns, Ofgem is establishing a project to review the governance regime to determine whether there is scope for improvements. The letter also indicates that Ofgem will be hosting a “Powering the Energy Debate” event on this topic in the New Year. Any proposals emerging from the review will be subject to consultation.

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## LICENCES

### NOTICES OF ELECTRICITY LICENCES APPLIED FOR IN NOVEMBER

Company/Licence: **EDF Development Company Limited**/electricity generation licence

Notice issued/licence applied for: 2 November/ 2 November

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

Company/Licence: **Ormonde Energy Limited**/Electricity Generation Licence

Notice issued/licence applied for: 19 November/13 November

Link: <http://www.eclipse-energy.com/>

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### NOTICES OF ELECTRICITY LICENCES GRANTED

Company/Licence: **Royal Bank of Scotland Public Limited Company**/ (non domestic) electricity supply licence

Notice issued: 1 November/Notice published: 6 November

Effective from: 1 November

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

Company/Licence: **Severn Power Limited**/electricity generation licence

Notice issued: 1 November/Notice published: 6 November  
Effective from: 1 November

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

Company/Licence: **Imera Power Limited**/ 2 electricity interconnector licences

Notice issued: 20 November/notice published: 26 November  
Effective from: 20 November

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

Company/Licence: **EirGrid Plc**/electricity interconnector licence

Notice issued: 20 November/notice published: 26 November  
Effective from: 20 November

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

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### NOTICES OF ELECTRICITY LICENCES REVOKED

Company/Licence: **Corona Energy Retail 4 Limited**/electricity supply licence

Letter from licensee requesting revocation dated: 11 October  
Notice issued: 12 November  
Effective from: 14 December

Link:



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<http://www.ofgem.gov.uk/Licensing/Work/Notices/Revocation/Notice/Documents/1/Corona%20revocation%20and%20reasons%20notice.pdf>

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## GOVERNMENT AND OTHER BODIES

### BERR

**Issue: Government consents granted for 450 MW offshore windfarm**

**Title: Wicks consents to Walney**

Published: 7 November  
Response due: n/a

Link:  
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=328771&NewsAreaID=2>

Government has given various statutory consents (including S36 consent) for a 450MW offshore wind farm in the Irish Sea.

**Issue: Consent for 350MW wood chip station in Port Talbot**

**Title: Britain to build the world's biggest biomass plant**

Published: 21 November  
Response due: n/a

Link: <http://www.wired-gov.net:80/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&unid=88DDFAB725FD36F48025739A0041C96A>

The Energy Secretary, John Hutton, has given consent for a 350MW wood-chipped fuelled electricity generating plant in Port Talbot, South Wales. The PR states that the wood fuel is expected to be sourced from sustainable sources in the US and Canada.

**Issue: Report from the Renewables Advisory Board on the role of onsite energy generation in delivering zero carbon homes**

**Title of BERR press release: New report highlights essential role of renewable energy generation in**

**achieving zero carbon homes**

Published: 23 November  
Response due: n/a

Link:  
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=332473&NewsAreaID=2>  
RAB report: <http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?p=123#post123>

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### DEFRA

**Issue: Launch of the “Green Homes Service”**

**Title: Benn Launches Plan for one Stop Shop for Greener Homes**

Published: 19 November  
Response due: n/a

Link:  
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=331451&NewsAreaID=2>

DEFRA has issued a press release announcing the launch of a new “Green Homes Service”. Within the detail of the PR is the comment that “other incentives for microgeneration, such as feed-in tariffs, will be investigated”.

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## National Grid Workshops and seminars

Workshop to discuss offshore **access arrangements** (particularly compensation for the withdrawal of access) 3 December 2007 at National Grid's offices (contact [andrew.truswell@uk.ngrid.com](mailto:andrew.truswell@uk.ngrid.com)).

**Transmission Network Use of System (TNUoS) charging tutorial** covering the TNUoS methodology and use of the DC Load Flow Transport and Tariff Model – next seminar for Scottish users 6 December 2007 in Glasgow. The Registration date was 28 November 2007 (contact: [craig.maloney@uk.ngrid.com](mailto:craig.maloney@uk.ngrid.com))



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**National Grid SO Incentives – industry workshop -**  
National Grid is holding an industry workshop on **10<sup>th</sup> January 2008** (Stratford-upon-Avon, Warwickshire)  
contact: [Operational.Forum@uk.ngrid.com](mailto:Operational.Forum@uk.ngrid.com) by Friday  
**21<sup>st</sup> December 2007.**

<http://www.nationalgrid.com:80/uk/Electricity/SolIncentive/>

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## The European Union - Electricity industry related press releases (titles & links only)

Brussels, 8 November 2007

**Launching of negotiations between Switzerland and the EU for an agreement on electricity**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1665&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 13 November 2007

**Commissioner Andris Piebalgs welcomes the launch of the Single Electricity Market Belfast**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1696&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 17 November 2007

**Climate change: IPCC report highlights urgent need for negotiations on global emission cuts**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1716&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 22 November 2007

**European Commission proposes a plan to accelerate energy technologies for a low-carbon future**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1750&format=HTML&aged=0&language=EN>

[&guiLanguage=en](#)

Brussels, 22 November 2007

**Questions and Answers on the European Strategic Energy Technology Plan (SET-Plan)**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/494&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 22 November 2007

**Towards a low carbon future: European Strategic Energy Technology Plan**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/493&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 23 November 2007

**Commissioner Piebalgs underlines the urgency of the new proposals on the Internal Energy Market**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1758&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 23 November 2007

**Emissions Trading: allegations of double counting are incorrect**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1757&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 27 November 2007

**Climate change and the EU's response**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/515&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 27 November 2007

**Climate change: EU on track towards Kyoto target but efforts must be maintained, projections show**

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1774&format=HTML&aged=0&language=EN&guiLanguage=en>



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Brussels, 30 November 2007  
**MEMO ON ENERGY COUNCIL**

Link:  
<http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/07/530&format=HTML&aged=0&language=EN&guiLanguage=en>

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## THE BSC AND CUSC

### Resignation of Malcolm Taylor as BSC and CUSC Amendments Panel Member.

Malcolm Taylor, the AEP's Head of Electricity Trading, is leaving the AEP for pastures new and is therefore resigning from both the BSC Panel and the CUSC Amendment Panel.

**IPA would like to take this opportunity to wish him every success in his new venture.**

### BSC Panel Ad-hoc Election for Industry Panel Member – Nomination of Candidates

Issued on: 16 November

Link:  
[http://www.elexon.co.uk/documents/circulars/Elexon\\_Circular/EL01527.pdf](http://www.elexon.co.uk/documents/circulars/Elexon_Circular/EL01527.pdf)

The timetable is as follows...

- Parties were required to notify ELEXON of any changes to trading party group status by 17:00, 30 November 2007.
- Deadline for notification of candidates - 17:00, 30 November 2007.
- ELEXON to issue voting papers – **4 December 2007**
- Deadline for receipt of completed voting papers **17:00, 18 December**
- Results announced – **21 December**

The list of parties entitled to participate in this ad hoc election can be found at:  
[http://www.elexon.co.uk/documents/BSC\\_Panel\\_and\\_Panel\\_Committees/Trading\\_Party\\_Groups/Entitled\\_TP\\_Gs\\_2007.11.14.v.1.0.pdf](http://www.elexon.co.uk/documents/BSC_Panel_and_Panel_Committees/Trading_Party_Groups/Entitled_TP_Gs_2007.11.14.v.1.0.pdf)

## BSC ISSUES...

### Issue 30 'Cash Out issues'

Raised by: Utilita and allocated to the Settlement Standing Modification Group (SSMG)

The email announcing the new issue states that the Issue 30 Group will be asked to explore the following questions.

- Is dual cash-out pricing still appropriate versus single pricing?
- Are large spreads necessary to provide incentives to balance?
- Does a large spread in cashout prices generate unnecessary levels of RCRC to the detriment of smaller players?
- Is there merit in adoption of a single energy price (net of system and energy actions) supported by a small symmetric spread?
- How can BSAD and cash-out be integrated and brought under single governance?
- Would the assessment of the merits of these issues be impacted by a reduction in Gate Closure from one hour?
- Is it possible or desirable to restrict the Balancing Mechanism to energy providers? Are there other mechanisms for providing a cleaner separation between energy and system balances?

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### Issue 31 'Provision of Annualized Advance and Estimated Annual Consumption Data to LDSO'.

Raised by: The Electricity Network Company and allocated to the Volume Allocation Standing Modification Group (VASMG)

The issue discusses the proposal, set out in Modification P43, that Annualised Advance and Estimated Annual Consumption Data currently provided by Data Collectors to Suppliers and Non Half Hourly Data Aggregators should also be provided to LDSOs (licensed distribution system operators). The paper on the issue argues that the situation has changed since the Modification proposal was rejected and that the issue should be revisited.



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## Issue 32 'Black Start'

Raised by: National Grid and allocated to the Settlement Standing Modification Group (SSMG)

The issue focuses on how best to establish arrangements to expedite the BSC processes during a Black Start and ensure that participants will understand how this should work.

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## BSC – joiners and leavers in November

### Leavers....

Npower Commercial Gas Limited (no registered Participation capacity)

## BSC (Non Mod) Consultations

### Review of the Market Index Definition Statement Consultation

Issued: 27 November 2007  
Response Date: 12 December 2007

Link:  
<http://www.elexon.co.uk/consultations/default.aspx>

ELEXON has issued a consultation on the ISG's (Imbalance Settlement Group's) initial recommendation that, following its review, no change should be made to the MIDS (The Market Index Definition Statement which defines the data that is used in the calculation of the 'reverse' imbalance price).

## CUSC Amendment Proposals - Decisions

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

Decision: APPROVE

Date of decision: 12 November  
Implementation date: 22 November

Panel Recommendation: APPROVE

Link to decision:  
<http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/>

[Amend/Documents1/CAP156D.pdf](#)

The change will remove the Spectron "cumulative over the counter power index" from the calculation of the reactive power default payment rate as it is no longer published.

## CUSC Amendment Proposals - New

CAP159 (Arrangements for CUSC Mid- Term elections)

Raised by: National Grid

Link:  
<http://www.nationalgrid.com/NR/ronlyres/9E73A2CA-9826-4EA6-9F25-6DFD3F6DF8DE/21607/CAP159CUSCMidtermelections.pdf>

The CAP proposes changes that would allow for mid-term elections when a full Panel Member leaves, with more than six months term remaining, and there are no elected Alternates to replace them.

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## IPA News

IPA will be publishing a paper entitled Coal's Renaissance Revisited in this month's Platts PowerUK. A version of this paper will be circulated to our subscribers early in the new year.

IPA would like to take this opportunity to wish all our subscribers a happy Christmas and prosperous new year!

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## IPA Disclaimer

IPA Energy + Water Consulting 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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Email: [contact@ipaenergy.co.uk](mailto:contact@ipaenergy.co.uk)



# The Pace of Change in Great Britain

## SUMMARY OF NOVEMBER 2007 CONSULTATIONS

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
<b>SE</b>	<p><b>Title: Renewables Obligation (Scotland) Order 2008 – Statutory Consultation</b></p> <p>Link to consultation:  <a href="http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08Intro">http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08Intro</a>                      Link to draft order:  <a href="http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08DO">http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08DO</a>                      Link to document describing how the MSO will be set:  <a href="http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-Consents/Applications-Database/application/MSOLev07">http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-Consents/Applications-Database/application/MSOLev07</a></p>	20 September	<b>13 December</b>
<b>Ofgem</b>	<p><b>Title: Approval of Redress Schemes in the Energy Sector</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20criteria%20for%20approval%20of%20redress%20schemes%2024707.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20criteria%20for%20approval%20of%20redress%20schemes%2024707.pdf</a></p>	16 October	<b>12 December</b>
<b>Ofgem</b>	<p><b>Title: Electricity Distribution Licence Review Proposals</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation.pdf">http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation.pdf</a>                      Links to appendices 3 and 4:  <a href="http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation%20-%20appendix3.pdf">http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation%20-%20appendix3.pdf</a>  <a href="http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20proposals%20Appendix%204.pdf">http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20proposals%20Appendix%204.pdf</a></p>	25 October	<b>18 January</b>
<p><b>New in November ...</b>                      (this does not include all the details of licence notices/modifications/ applications/revocations/licences granted or EU press releases or code issues)</p>			



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Ofgem	<p><b>Title: Licence Fee Payments: Transfer of statutory responsibilities for Gas and Electricity Metering Functions from Ofgem to National Weights and Measures Laboratory</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Statutory%20transfertoNWMLicencefee%20letter2.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/Statutory%20transfertoNWMLicencefee%20letter2.pdf</a></p>	31 October	<b>13 November</b>
Ofgem	<p><b>Title: Electricity Distribution Quality of Service Report</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Networks/ElecDist/QualofServ/QoSIncent/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Report.pdf">http://www.ofgem.gov.uk/Networks/ElecDist/QualofServ/QoSIncent/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Report.pdf</a>            Link to data spreadsheet:  <a href="http://www.ofgem.gov.uk/Networks/ElecDist/QualofServ/QoSIncent/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Data.xls">http://www.ofgem.gov.uk/Networks/ElecDist/QualofServ/QoSIncent/Documents1/2006-07%20Electricity%20Distribution%20Quality%20of%20Service%20Data.xls</a></p>	31 October	n/a
Ofgem	<p><b>Title: Sustainable Development Commission (SDC) report: September 07 - Ofgem's response</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Sustainability/Documents1/Response%20to%20SDC%20report%20011107.pdf">http://www.ofgem.gov.uk/Sustainability/Documents1/Response%20to%20SDC%20report%20011107.pdf</a></p>	1 November	n/a
Ofgem	<p><b>Title: Ofgem response to BERR Consultation on Energy Metering and Billing</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Smart/Documents1/Ofgem%20response%20to%20BERR%20Consultation_311007_final.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Smart/Documents1/Ofgem%20response%20to%20BERR%20Consultation_311007_final.pdf</a></p>	6 November	n/a
BERR	<p><b>Title: Wicks consents to Walney</b></p> <p>Link:  <a href="http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=328771&amp;NewsAreaID=2">http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=328771&amp;NewsAreaID=2</a></p>	7 November	n/a
Ofgem	<p><b>Titles:</b>  <b>Complaint handling standards</b>  <b>Research on Consumers' Views on Complaints Handling</b></p> <p>Link to consultation:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Complaint%20Handling%20Standards%20Consultation.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Complaint%20Handling%20Standards%20Consultation.pdf</a>            Link to research report:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Ofgem_Complaint%20Handling%20Report.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Ofgem_Complaint%20Handling%20Report.pdf</a></p>	9 November	<b>21 December</b>



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Ofgem	<p><b>Title: Long-Term Electricity Network Scenarios (LENS) – methodology, general project update and second workshop</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/071022_Methodology%20Ofgem%20open%20letter.pdf">http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/lens/Documents1/071022_Methodology%20Ofgem%20open%20letter.pdf</a>  <a href="http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=LENS-Scenarios%20Methodology%20-%20v070926.pdf&amp;refer=Networks/Trans/ElecTransPolicy/lens">http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=LENS-Scenarios%20Methodology%20-%20v070926.pdf&amp;refer=Networks/Trans/ElecTransPolicy/lens</a></p>	12 November	n/a
DEFRA	<p><b>Title: Benn Launches Plan for one Stop Shop for Greener Homes</b></p> <p>Link:  <a href="http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=331451&amp;NewsAreaID=2">http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=331451&amp;NewsAreaID=2</a></p>	19 November	n/a
Ofgem	<p><b>Title: Open Letter - Interconnector licence application</b></p> <p>Link:  <a href="http://www.ofgem.gov.uk/Licensing/Work/Documents1/Open%20letter%20interconnector.pdf">http://www.ofgem.gov.uk/Licensing/Work/Documents1/Open%20letter%20interconnector.pdf</a></p>	20 November	n/a
Ofgem	<p><b>Title: Cutting green customer confusion – next steps</b></p> <p>Link to consultation document:  <a href="http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20green%20customer%20confusion_consultation%20document.pdf">http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20green%20customer%20confusion_consultation%20document.pdf</a>            Link to appendices:  <a href="http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20the%20green%20customer%20confusion_consultation%20document%20appendices.pdf">http://www.ofgem.gov.uk/Sustainability/Environment/Policy/Documents1/Cutting%20the%20green%20customer%20confusion_consultation%20document%20appendices.pdf</a></p>	21 November	9 Jan 2008



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<p><b>Ofgem</b></p>	<p><b>Title: Notice of modification to the transmission licence of ScottishPower Transmission Limited Schedule C condition J3 under section 11 of the Electricity Act 1989 - B5 boundary works</b></p> <p>&amp;</p> <p><b>Notice of modification to the transmission licence of ScottishPower Transmission Limited Schedule C condition J3 under section 11 of the Electricity Act 1989 - Sloy output measures</b></p> <p>Link (B5 boundary Notice):  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/B5_Boundary_section_11_consultation_Final.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/B5_Boundary_section_11_consultation_Final.pdf</a>            Link (Sloy Notice):  <a href="http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/SLOY_Section_11_Licence_consultation_Final.pdf">http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/SLOY_Section_11_Licence_consultation_Final.pdf</a></p>	<p>22 November</p>	<p><b>3 Jan (Sloy) 6 Jan (B5 Boundary)</b></p>
<p><b>BERR</b></p>	<p><b>Title: Britain to build the world's biggest biomass plant</b></p> <p>Link: <a href="http://www.wired-gov.net:80/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&amp;unid=88DDFAB725FD36F48025739A0041C96A">http://www.wired-gov.net:80/wg/wg-wlabel-dti.nsf/wfArticle?ReadForm&amp;unid=88DDFAB725FD36F48025739A0041C96A</a></p>	<p>21 November</p>	<p><b>n/a</b></p>
<p><b>BERR</b></p>	<p><b>Title of BERR press release: New report highlights essential role of renewable energy generation in achieving zero carbon homes</b></p> <p>Published: 23 November Response due: n/a</p> <p>Link:  <a href="http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=332473&amp;NewsAreaID=2">http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=332473&amp;NewsAreaID=2</a>            RAB report: <a href="http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?p=123#post123">http://www.renewables-advisory-board.org.uk/vBulletin/showthread.php?p=123#post123</a></p>	<p>November</p>	<p><b>n/a</b></p>
<p><b>Ofgem</b></p>	<p><b>Title: Conclusions in respect of the consultation on the discount for small transmission connected generators and Notice under Section 11A of the Electricity Act 1989 - 280/07</b></p> <p>Published: 26 November Response due: 4 January 2008</p> <p>Link:  <a href="http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Small%20generator%20document.pdf">http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Small%20generator%20document.pdf</a></p>	<p>November</p>	<p><b>n/a</b></p>



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Ofgem	<p><b>Titles:</b>  <b>Renewables Obligation: Guidance for licensed electricity suppliers (Great Britain)</b>  <b>Renewables Obligation: Guidance for licensed electricity suppliers (Northern Ireland)</b></p> <p>Published: 27 November  Response due: n/a</p> <p>Link GB:  <a href="http://www.ofgem.gov.uk/Sustainability/Environmnt/RenewablObl/Documents1/supplier%20guidance_Nov%2007_GB.pdf">http://www.ofgem.gov.uk/Sustainability/Environmnt/RenewablObl/Documents1/supplier%20guidance_Nov%2007_GB.pdf</a>  Link (NI):  <a href="http://www.ofgem.gov.uk/Sustainability/Environmnt/RenewablObl/Documents1/supplier%20guidance_Nov%2007_NI.pdf">http://www.ofgem.gov.uk/Sustainability/Environmnt/RenewablObl/Documents1/supplier%20guidance_Nov%2007_NI.pdf</a></p>	November	n/a
Ofgem	<p><b>Title: Review of the Energy Supply Ombudsman</b></p> <p>Published: 27 November  Response due: n/a</p> <p>Link:  <a href="http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Review%20of%20the%20Energy%20Supply%20Ombudsman.pdf">http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Review%20of%20the%20Energy%20Supply%20Ombudsman.pdf</a></p>	November	n/a
Ofgem	<p><b>Title: Ofgem appoints new Managing Director, Markets</b></p> <p>Published: 27 November  Response due: n/a</p> <p>Link:  <a href="http://www.ofgem.gov.uk/Media/PressRel/Documents1/Wrightpressreleasefinal.pdf">http://www.ofgem.gov.uk/Media/PressRel/Documents1/Wrightpressreleasefinal.pdf</a></p>	November	n/a
Ofgem	<p><b>Title: Open letter announcing review of industry code governance</b></p> <p>Published: 28 November  Response due: 22 January 2008</p> <p>Link:  <a href="http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Open%20letter%20announcing%20governance%20review.pdf">http://www.ofgem.gov.uk/Licensing/IndCodes/Governance/Documents1/Open%20letter%20announcing%20governance%20review.pdf</a></p>	November	n/a



# The Pace of Change in Great Britain

## SUMMARY OF NOVEMBER 2007 NEW BSC AND CUSC MODS AND DECISIONS

<b>New CAPs</b>		Raised by:	On:
<b>CAP159</b>	Arrangements for CUSC Mid-Term elections  Link: <a href="http://www.nationalgrid.com/NR/ronlyres/9E73A2CA-9826-4EA6-9F25-6DFD3F6DF8DE/21607/CAP159CUSCMidtermelectio ns.pdf">http://www.nationalgrid.com/NR/ronlyres/9E73A2CA-9826-4EA6-9F25-6DFD3F6DF8DE/21607/CAP159CUSCMidtermelectio ns.pdf</a>	National Grid	
<b>CAP decisions (approve)</b>		Approved on:	Implement on:
<b>CAP 156</b>	<b>Reactive Power Default Payment Rate - Use of Spectron Power Index</b>  Panel Recommendation: APPROVE  Link to decision: <a href="http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/Amend/Documents1/CAP156D.pdf">http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/Amend/Documents1/CAP156D.pdf</a>	12 November	22 November

