



The Pace of Change in Great Britain

AN UPDATE FROM IPA ENERGY + WATER CONSULTING

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- BERR/Ofgem first longer term report on future energy supplies
- Economic potential for combined heat and power schemes revealed

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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 October 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 approval of NGET request to allow it to purchase electricity to sell in specified, limited, circumstances**
- **Publication of the 2006-07 RO buy-out fund metrics**
- **Ofgem report into initiatives to improve short term access to the network for renewable generators**
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- **Economic potential for combined heat and power schemes revealed**



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Ofgem Publications

Issue: Ofgem approval of NGET request to allow it to purchase electricity to sell in specified, limited, circumstances.

Title: Consent Issued Under Standard Licence Condition C2 (Prohibited Activities) to National Grid Electricity Transmission

Published: 2 October (letter dated 14 September 2007)
Effective from: 14 September 2007 to 31 March 2012

Link:
[http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/C2%20consents%20from%20Ofgem%20to%20NGET%20Finalamend%20\(2\).pdf](http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/C2%20consents%20from%20Ofgem%20to%20NGET%20Finalamend%20(2).pdf)

Further to a request from NGET in October 2005, Ofgem has issued a formal notice giving NGET consent under SLC C2 to allow it, or a subsidiary, to purchase electricity for the purpose of “sale or other disposition” in certain specified, limited, circumstances.

Issue: Publication of RO buy-out fund metrics

Title: The renewables obligation buy-out fund (2006-2007)

Issued: 3 October
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/ofgem42.pdf>

Ofgem has published a press release giving statistics on the RO buy-out fund for the last financial year.

The total size of the UK Renewables Obligation (RO) for electricity supplied to customers across the UK was 21,629,676 MWh and a total of 12,868,408 ROCs were submitted before the 1 September 2007 statutory deadline.

There was no shortfall in the buy-out and the amount paid from the buy-out fund, for each ROC presented, was £16.04.

Issue: Publication of the Report from the TSORG

Title: Transmission System Operation Review Group Report

Issued: 8 October
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/071005%20TSORG%20Final%20Document.pdf>

Ofgem has published the report by the TSORG which was constituted to look at: whether the capacity and utilisation of the transmission system can be increased; new and innovative approaches to network management and operation; and highlight where there may be scope to connect additional generation using existing infrastructure.

Issue: Revision to price controls to accommodate recovery of replacement meter costs

Title: Notice of Determination of Adjustment Factor for SP Distribution Ltd and SP Manweb

Issued: 8 October
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Metering/Documents1/SP%20Approval%20Letter%20-%20Final%20signed.pdf>

Ofgem has published its decision to allow changes to Adjustment factors within SP's distribution price controls to allow recovery of a proportion of the costs associated with replacement of certain prepayment meters.

Issue: Ofgem report into initiatives to improve short term access to the network for renewable generators.

Title: Short Term Access Governance (STAG) Report

Issued: 10 October
Response due: n/a

Link:
http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/KSTAG_071008.pdf

Ofgem has published the promised “STAG Report”(its report to the Secretary of State, on options for improving short term access to the network for



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renewables), which was foreshadowed in the Energy White Paper.

The report provides an update on progress and opportunities for increasing short term access under four headings:

- queue management initiatives;
- commercial framework development;
- review of system operation; and
- the review of the GBSQSS.

Issue: Review of the approach to the last transmission price control

Title: Transmission Price Control Review 4 - Assessment of the Process

Issued: 12 October
Response due: 11 November

Link:
http://www.ofgem.gov.uk/Networks/Trans/PriceControls/TPCR4/ConsultationDecisionsResponses/Documents/1/TPCR_Assessment_Consultation.pdf

Ofgem has published an open letter inviting views on how Ofgem conducted the last review with a view to improving the approach to future reviews (not reviewing whether the policies in the Final Proposals were appropriate).

Issue/Title: Martin Crouch appointed as new Ofgem Director, European Strategy and Environment

Issued: 15 October
Response due: n/a

Link:
<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%2044.pdf>

Ofgem has announced the appointment of Martin Crouch as its new Director, European Strategy and Environment.

Issue: Consultation on criteria to be used to assess the appropriateness of “redress schemes”

Title: Approval of Redress Schemes in the Energy Sector

Issued: 16 October
Response due: 12 December

Link:
<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20criteria%20for%20approval%20of%20redress%20schemes%2024707.pdf>

Ofgem has issued a consultation on the criteria it will apply when considering whether to approve a redress scheme (or schemes) in the energy sector that may be established under the new Consumers, Estate Agents and Redress Act 2007 (the CEAR Act).

Issue: Extension of the deadline for the current discount for transmission connected generators connected at 132kV

Title: Consultation on the discount for small transmission connected generators from 1 April 2008

Issued: 16 October
Response due: 13 November

Link to cover letter:
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Discount%20for%20small%20transmission%20connected%20generators.pdf>

Link to accompanying appendix (the relevant licence condition):
<http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Discount%20for%20small%20transmission%20connected%20generators%20-%20Appendix.pdf>

Ofgem has issued an open letter seeking views on its proposal to allow the current arrangements, which provide for 132kV transmission connected generators to receive a discount on their TNUoS (Transmission Network Use of System) charges to continue beyond the April 2008 limit.

The letter also notes that Ofgem has encouraged NGET to work with industry, under the normal governance arrangements under the relevant codes, to develop an enduring solution to supersede the small generator discount by 31 May 2009 (when the licence condition giving effect to the discount drops dead).

Issue: Metrics on customer switching

Title: Over 2.8 million households switch supplier

Issued: 17 October



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Response due: n/a

Link:

<http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem45.pdf>

Issue: Consultation on proposals for cost recovery mechanism for payments for disconnections

Title: Recovering the costs of compensation for temporary physical disconnection (CAP048) - proposed modification of transmission licences

Issued: 19 October

Response due: 16 November

Link:

http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/071008_Ex_CAP048_Licence_Letter_FINAL2.pdf

Ofgem has published an open letter consulting on proposals to change the transmission licences of the three GB transmission companies to allow them to recover costs incurred in paying generators under the provisions of CAP48 (Firm Access and Temporary Physical Disconnection) which came into effect on 1 April 2004 in England and Wales and 1 April 2005 in Scotland. The cost recovery mechanism has been covered in a number of Ofgem consultations but, in the absence of licence changes, thus far, the GB SO has been unable to recover any costs.

Ofgem is now proposing to implement licence changes that would allow the costs incurred between 1 April 2004 (1 April 2005 in Scotland) and 31 March 2008, and future costs, to be recovered from all transmission system users via the non locational element of the TNUoS (Transmission Network Use of System) charges. However, Ofgem also indicated that it considers that an incentive based mechanism may be more appropriate, when there is better data on costs (anticipated to be from April 2009).

Issue/Title: Transmission Access Review Stakeholder Event 5th November

Issued: 19 October

Event to be held on: 5 November

Link:

http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/071019_Ex_TAR_2nd_Seminar_Invite_Letter_FINAL.pdf

Ofgem has issued an invitation to a second "Stakeholder Event", to be held on 5 November, which is part of the Ofgem/BERR consultation process under the review of transmission access proposals. The invitation states that the purpose of the event is "to explore in more detail the high level models set out in the consultation and other international comparators".

Issue: Supply licence changes to clarify when suppliers can object to the transfer of a non-domestic customer

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

Issued: 22 October

Response due: 22 November

Link to cover letter:

<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/Final%20proposal%20non%20domestic%20objections%20FINAL%20VERSION.pdf>

Link to formal notice to modify electricity supply licences:

<http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/Mod%20notice%20Electricity.pdf>

Ofgem has published its final proposals, and draft licence modifications (for gas and electricity supply licences), to clarify the circumstances in which a supplier is permitted to object to a proposed transfer of a non-domestic customer to a new supplier.

Issue: Minimum standards of performance under the Unmetered Supplies (street lighting) service level agreements

Title: Unmetered Service Level Agreement (SLA) - Decision on Key Performance Indicators

Issued: 22 October

Response due: n/a

Link:

[http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/Unmetered%20Service%20Level%20Agreement%20\(SLA\)%20-%20Decision%20on%20Key%20Performance%20Indicators.pdf](http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/Unmetered%20Service%20Level%20Agreement%20(SLA)%20-%20Decision%20on%20Key%20Performance%20Indicators.pdf)

Ofgem has published an open letter that sets out its decision in respect of key performance indicators under



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the unmetered service level agreements (SLA), which cover street lighting services (which are not metered) provided by electricity distribution network operators to local authorities.

Issue: Consultation on revised proposals for use of system charges to IDNOs (Independent Distribution Network Operators) embedded within WPD's (Western Power Distribution's) distribution networks

Title: Consultation on WPD's modification proposal (WPD/WALES/WEST/UOS006) on Use of System Charging to IDNOs

Issued: 22 October
Response: 20 November

Link:
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPDUOS006%20ConsultationLetter.PDF>

Link to revised proposal:
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPD%20uos006%20mod.pdf>

WPD have revised their proposals for modifying their use of system charging following Ofgem's veto of their original proposals (vetoed 12 October) for setting charges to IDNOs. Having already consulted on the original proposal, Ofgem is now seeking views on the changes.

Issue: Proposals to clarify/simplify the Distribution Licence

Title: Electricity Distribution Licence Review Proposals

Issued: 25 October
Response due: 18 January

Link:
<http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation.pdf>

Links to appendices 3 and 4:

<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%20Appendix%204.pdf>

Following work undertaken to review the Distribution licence, Ofgem has published, and is consulting on, its

proposals for changes to deliver a shorter and clearer distribution licence that is easier to use. A public workshop on the proposals is scheduled for 29 November.

Issue: Consultation on (and Statutory Notice of) intention to vary SP Manweb's commitments, made in 2005, following an investigation by Ofgem under the Competition Act.

Title: Proposal to vary the commitments given by SP Manweb under the Competition Act 1998 on provision of non-contestable services in electricity connections

Issued: 26 October
Response due: 9 November

Link:
<http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Consultation%20on%20variation%20of%20commitments%2026107.pdf>

Ofgem is consulting on a request from SP Manweb to vary the commitments it gave in 2005, to deal with concerns relating to the provision of electricity connections services. Ofgem indicates that it considers that the variation should be allowed as there is now some duplication between these commitments and the provisions in new Standard Licence Condition 4F (standards for the provision of non-contestable connections services) which was introduced into the licences of all DNOs at the beginning of the month and which is aimed at addressing concerns about competition in this area.

LICENCES

NOTICES OF ELECTRICITY LICENCES APPLIED FOR IN OCTOBER

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

Notice issued/licence applied for: 18 October/21 September

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



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NOTICES OF ELECTRICITY LICENCES GRANTED

Company/Licence: **Bridestones Developments Limited**/electricity generation licence

Notice issued: 15 October (dated 3 October)
Effective from: 3 October

Link:
<http://www.ofgem.gov.uk/LICENSING/WORK/NOTICE/S/LICENCES/Documents1/Bridestones%20website%20notice.pdf>

Company/licence: **International Power Retail Supply Company (UK) Limited**/ (non domestic) electricity supply licence

Notice issued: 25 October (dated 18 October)
Effective from: 18 October

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

NOTICES OF ELECTRICITY LICENCES REVOKED

Company/Licence: **Npower Commercial Gas Limited**/electricity supply licence

Letter from licensee requesting revocation dated: 19 March
Notice issued: 4 October (27 September)
Effective from: 29 October

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/RevocNotice/Documents1/npower%20rev.pdf>

Company/Licence: **ICI Chemicals & Polymers Limited**/electricity generation licence

Letter from licensee requesting revocation dated: 10 August
Notice issued: 12 October (dated 8 October)
Effective from: 12 November

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/RevocNotice/Documents1/ICI%20egen%20revocation.pdf>

Company/Licence: **Fortum Direct Limited**/electricity supply licence

Letter from licensee requesting revocation dated: 26 July
Notice issued: 12 October (dated 8 October)
Effective from: 12 November

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/RevocNotice/Documents1/Fortum%20direct%20esup%20revocation.pdf>

Company/Licence: **Gas Plus Supply Limited**/electricity supply licence

Letter from licensee requesting revocation dated: 19 September
Notice issued: 25 October (dated 22 October)
Effective from: 23 November

Link:
<http://www.ofgem.gov.uk/Licensing/Work/Notices/RevocNotice/Documents1/gas%20plus%20revocation%20and%20reasons.pdf>

GOVERNMENT AND OTHER BODIES

DBERR

Issue/Title: Go-ahead for gas fired power station, Drakelow, South Derbyshire

Issued: 16 October
Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=322933&NewsAreaID=2>

BERR has issued a press release announcing the grant of S36 consent to E.ON UK plc to build a 1,220MW CCGT at Drakelow.

Issue: New Fuel Security Code comes into effect

Title: The Fuel Security Code (& Guidance notes)

Issued: 22 October
Response due: n/a

Link: <http://www.berr.gov.uk/files/file41951.pdf>
Link to guidance: <http://www.berr.gov.uk/files/file41952.pdf>



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The new version of the Fuel Security Code, the Code, which gives the Secretary of State specified additional powers over electricity licence holders in the event of fuel security emergencies, was designated on 22 October.

Issue: BERR/Ofgem first longer term report on future energy supplies

Title: Energy Markets Outlook

Title of PR : New report sheds light on the energy debate

Issued: 23 October

Response due: n/a

Link to report:
<http://www.berr.gov.uk/energy/energymarketsoutlook/page41839.html>

Link to press release:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=324743&NewsAreaID=2>

BERR/Ofgem have published their first joint report on longer term (15 year) energy projections. The report looks at factors affecting energy supplies over the next fifteen years with the objective of helping to “develop a shared understanding of the longer-term outlook for energy supply and demand, and to help understand emerging risks that could affect security of supply”.

A key message seems to be that Ofgem/BERR anticipate that there will be sufficient resource availability of primary energy sources to meet need but that, given increasing dependence on imports, there are a number of factors could affect supply and hence price, of non-renewable sources and there is a potential risk of short term price shocks.

The report re-affirms Government’s commitment to independent regulation and competitive markets as the most effective mechanism for delivering longer term security of supply.

Issue/Title of PR on speech to ENA: Wicks: winter gas and electricity supplies secure

Issued: 31 October

Response due: n/a

Link to press release:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=327162&NewsAreaID=2>

The press release indicates that the Energy Minister sees a healthy plant margin for winter 07/08 noting that “We do not face the prospect of power shortages this winter”.

DEFRA

Issue/Title: Economic potential for combined heat and power schemes revealed

Issued: 19 October

Response due: n/a

Link:

<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=324023&NewsAreaID=2>

Link to reports:
<http://www.defra.gov.uk/environment/climatechange/uk/energy/chp/pdf/potential-report.pdf>
<http://www.defra.gov.uk/environment/climatechange/uk/energy/chp/pdf/progress-report.pdf>

DEFRA has issued a press release announcing the publication of two reports on development of CHP:

- Analysis of the UK potential for Combined Heat and Power; and
- Evaluation of progress towards meeting the UK potential for Combined Heat and Power – which was produced to comply with Article 6.3 of the EU directive on the promotion of cogeneration (Directive 2004/8/EC).

The reported projected contribution from CHP (of 36 TWh (Cogeneration Directive basis)) amounts to just over 10% of electricity demand which is below the economic potential for additional CHP by this date (estimated at around 17% of the projected total for electricity generation in 2010).

ENVIRONMENTAL AUDIT COMMITTEE

Issue: The EAC’s thoughts on the Government’s response.

Title: Emissions Trading: Government Response to the Committee's Second Report of Session 2006-07 on the EU ETS

Emissions Trading: Government Response to the Committee's Second Report

Issued: 22 October

Response due: n/a



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Link:

<http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/1072/1072.pdf>

The EAC has published the Government's response to its report on the EU ETS (published February 2007) and its thoughts on the Government's response (received by the Committee in May 2007).

The key points include:

- given the complexity of trading schemes it is especially important to get the transparency of reporting right at this stage – particularly as Government plans to make use of international emissions trading within the proposed national carbon budgeting system under the Climate Change Bill;
- where the Government uses BAU projections to calculate the UK impacts of the EU ETS, it should give a range of possible savings, and be open about the uncertainties underlying projections;
- there is concern about the presentation of the purchase of carbon credits by the UK as being, in practice, synonymous with reducing emissions within the UK and the Committee notes that buying emissions credits from other countries does not *necessarily* translate into cutting emissions, at home or abroad (the report notes that buying allowances where there is an over-allocation of allowances under Phase 1 has been described as “buying hot air”). The committee notes that there should be clear differentiation between purchasing carbon credits and making emissions cuts within the UK; and
- Government should be more open about the problems of Phase 1 but these problems should not discredit the emissions trading concept and significant improvements have already been made for Phase II.

NFPA (Non Fossil Purchasing Agency)

Issue/Title: e-ROC Auction of Renewable Obligation Certificates

Issued: 9 October
Response due: n/a

The latest e-ROC Auction of Renewable Obligation

Certificates (ROCs) was held on 9 October.

Just over 90,000 (including just over 2,000 co-fired) ROCs were sold with an average price for non co-fired ROCs of £49.27/MWh (compared to £48.12/MWh in July). The average price of co-fired ROCs was £49.11/MWh (compared to £45.10/MWh in July).

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

Brussels, 19 October 2007

Eco-design Consultation Forum discusses concrete action to reduce "standby" electricity consumption

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1561&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 22 October 2007

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

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1566&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 26 October 2007

Emissions trading: Commission announces linkage EU ETS with Norway, Iceland and Liechtenstein

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1617&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 26 October 2007

Emissions trading: Commission approves Romania's national allocation plans for 2007 and 2008-2012 (also reports on amendments to Germany's Plan)

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1612&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 26 October 2007

Emissions trading: EU-wide cap for 2008-2012 set at 2.08 billion allowances after assessment of



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national plans for Bulgaria

Link:

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/07/1614&format=HTML&aged=0&language=EN&guiLanguage=en>

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

17 October

Madrid Forum supports an EU Agency for the Co-operation of Regulators

Link:

http://www.ergeg.org/portal/page/portal/EREGEG_HOME/EREGEG_ADMIN/PR-07-11_MadridSupportsAgency_17-10-2007_Final.doc

THE BSC AND CUSC

BSC Modification Decisions

P213 (Facilitating Microgeneration (Optional Single MPAN))

Decision: reject

Panel recommendation: reject

Date of decision: 22 October

Ofgem has rejected the proposal, raised by E.on, to allow suppliers to register both the export and import to a single MPAN where both are non half hourly metered.

New Modification Proposals

P217 (Revised Tagging Process and Calculation of Cash Out Prices)

Raised by: RWE Npower

On: 19 October

The Mod proposes a new “tagging” process (which is used to determine how National Grid purchases are treated in the calculation of the cashout prices) that would introduce a new category for National Grid purchases as “energy plus system”, as well as “energy” and “system” and allow for all trades to be categorized on the basis of the primary reason for the action.

Actions categorised as “system” action would be included in the calculation of cash out prices as an un-

priced volume whilst each “energy” and “energy plus system” actions would be included in as a priced volume.

P218 (Facilitating Microgeneration within the BSC)

Raised by: Good Energy

On: 23 October

The Mod proposes allowing microgeneration export to be dealt with in the same way as un-metered supplies.

P 219 (Consistency between Forecast and Outturn Demand)

Raised by: National Grid

On: 26 October

The Mod proposes changes to the make up, and publication on BMRS, of demand forecast and outturn data by providing two new data items:

- Initial Transmission System Demand Out-Turn which includes Interconnector Metered Volume and the demand taken by station transformers and pumped storage units; and
- An additional National Demand forecast which does not include Interconnector flows and the demand taken by station transformers and pumped storage units

P 220 (Provision of New Data Items for Improving Market Information)

Raised by: National Grid

On: 26 October

The Mod proposes changes to the BSC to improve the market information to better meet industry needs.

BSC – joiners and leavers in October

Joiners

Millennium Wind Energy Limited as a Generator.

Kilbraur Wind Energy Limited as Generators.

Energy24 Limited as a Non-physical Trader.

Airtricity Generation (GB) Limited (Party ID: AIRGEN) as a Generator



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ICE Clear Europe Limited as a Non-physical Trader

The Royal Bank of Scotland Public Limited as a Non Physical Trader and Interconnector User

Bear, Stearns International Limited (Party ID: BEAR) as a Non-Physical Trader

BSC Consultations

Issue: Proposal to revise CAP (the Credit Assessment Price)

Title: Credit Assessment Price (CAP) Consultation

Issue	Date: 11	October	2007
Response	Date: 25	October	2007

Link:

[http://www.elexon.co.uk/documents/Consultations/Credit_Assessment_Price_\(CAP\)_Consultation/CAP_Consultation_Document.pdf](http://www.elexon.co.uk/documents/Consultations/Credit_Assessment_Price_(CAP)_Consultation/CAP_Consultation_Document.pdf)

ELEXON has issued a consultation on the Credit Committee's recommendation that CAP is increased to **£48/MWh** (current value £37/MWh).

CUSC Amendment Proposals - Decisions

CAP 143 (Interim TEC)

Decision: REJECT

Date of decision: 11 October

Implementation date: n/a

Panel Recommendation (by majority): reject

Link to decision: <http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/Amend/Documents1/CAP143D.pdf>

Ofgem has rejected the CAP, raised by Scottish and Southern, to introduce a new short term access product that would have allowed generators to connect to the GB transmission system in advance of all of the necessary transmission system reinforcement works being complete. Eligible generators would have had the right to generate up to their TEC (Transmission Entry Capacity) for a restricted number of hours.

CUSC Amendment Proposals – Other

CAP 144 (Emergency Instruction to de-energise)

“minded too” letter

Date of letter: 19 October

Minded to: Working Group Alternative Amendment 1 should be implemented (the original and Consultation Alternative Amendment 1 were also considered to be better than the current arrangements)

Panel Recommendation: The Panel's recommendation mirrors the Authorities minded to statement.

Link to letter:

<http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/Amend/Documents1/Draft%20Cap144%20decision%20letter%20VF.pdf>

Ofgem has published a letter indicating that it currently considers that proposals set out in an alternative to CAP 144 (WGAA1) should be implemented, but that its decision should be made at the same time as it decides on parallel changes that are required to give effect to this proposal under the Grid Code. In the meantime, the letter gives an indication of what the decision is likely to be.

The anticipated changes (to the Grid Code and CUSC) would change the payments that a generator would receive if disconnected from the network by National Grid in unplanned emergency conditions. Under the current arrangement where the instruction is treated as a BOA (Bid Offer Acceptance) the generator would be paid at bid price. Under the favoured amendment the generator would be receive SBP (system buy price) up to the wall, MIP (Market Index Price) for the next 24 hours, and a daily rebate of TNUoS (Transmission Network Use of System) beyond that.

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SUMMARY OF OCTOBER 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
DBERR	Title: Electricity Priority User Arrangements Link to: http://www.berr.gov.uk/files/file40466.pdf	20 August	23 Nov
SE	Title: Renewables Obligation (Scotland) Order 2008 – Statutory Consultation Link to consultation: http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08Intro Link to draft order: http://www.scotland.gov.uk/Topics/Business-Industry/Energy/19185/ROCons08DO Link to document describing how the MSO will be set: http://www.scotland.gov.uk/Topics/Business-Industry/Energy/Energy-Consents/Applications-Database/application/MSOLev07	20 September	13 December
New in October ... (this does not include all the details of licence notices/modifications/ applications/revocations/licences granted or EU press releases or code issues)			
Ofgem	Title: Consent Issued Under Standard Licence Condition C2 (Prohibited Activities) to National Grid Electricity Transmission Link: http://www.ofgem.gov.uk/Licensing/Work/Notices/Decisions/Documents1/C2%20consents%20from%20Ofgem%20to%20NGET%20Finalamend%20(2).pdf	Published: 2 October (letter dated 14 September 2007)	Effective from: 14 September 2007 to 31 March 2012
Ofgem	Title: The renewables obligation buy-out fund (2006-2007) Link: http://www.ofgem.gov.uk/Media/PressRel/Documents1/ofgem42.pdf	3 October	n/a
Ofgem	Title: Transmission System Operation Review Group Report Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/071005%20TSORG%20Final%20Document.pdf	8 October	n/a



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Ofgem	<p>Title: Notice of Determination of Adjustment Factor for SP Distribution Ltd and SP Manweb</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Metrng/Metering/Documents1/SP%20Approval%20Letter%20-%20Final%20signed.pdf</p>	October	n/a
Ofgem	<p>Title: Short Term Access Governance (STAG) Report</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/KSTAG_071008.pdf</p>	10 October	n/a
Ofgem	<p>Title: Transmission Price Control Review 4 - Assessment of the Process</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/PriceControls/TPCR4/ConsultationDecisionsResponses/Documents1/TPCR_Assessment_Consultation.pdf</p>	12 October	11 November
Ofgem	<p>Title: Martin Crouch appointed as new Ofgem Director, European Strategy and Environment</p> <p>Link: http://www.ofgem.gov.uk/Media/PressRel/Documents1/Ofgem%2044.pdf</p>	15 October	n/a
Ofgem	<p>Title: Approval of Redress Schemes in the Energy Sector</p> <p>Link: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/ConsRep/Documents1/Consultation%20criteria%20for%20approval%20of%20redress%20schemes%2024707.pdf</p>	16 October	12 December
Ofgem	<p>Title: Consultation on the discount for small transmission connected generators from 1 April 2008</p> <p>Link to cover letter: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Discount%20for%20small%20transmission%20connected%20generators.pdf</p> <p>Link to accompanying appendix (the relevant licence condition): http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/TADG/Documents1/Discount%20for%20small%20transmission%20connected%20generators%20-%20Appendix.pdf</p>	16 October	13 November



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BERR	<p>Title: Go-ahead for gas fired power station, Drakelow, South Derbyshire</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=322933&NewsAreaID=2</p>	16 October	n/a
Ofgem	<p>Title: Over 2.8 million households switch supplier</p> <p>Link to PR: http://www.ofgem.gov.uk/Media/PressRel/Documents/1/Ofgem45.pdf</p>	17 October	n/a
Ofgem	<p>Title: Recovering the costs of compensation for temporary physical disconnection (CAP048) - proposed modification of transmission licences</p> <p>Link: http://www.ofgem.gov.uk/Licensing/Work/Notices/ModNotice/Documents1/071008_Ex_CAP048_Licence_Letter_FINAL2.pdf</p>	19 October	16 November
Ofgem	<p>Title: Transmission Access Review Stakeholder Event 5th November</p> <p>Link: http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/tar/Documents1/071019_Ex_TAR_2nd_Seminar_Invite_Letter_FINAL.pdf</p>	19 October	5 November
DEFRA	<p>Title: Economic potential for combined heat and power schemes revealed</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=324023&NewsAreaID=2</p> <p>Link to reports: http://www.defra.gov.uk/environment/climatechange/uk/energy/chp/pdf/potential-report.pdf http://www.defra.gov.uk/environment/climatechange/uk/energy/chp/pdf/progress-report.pdf</p>	19 October	n/a
BERR	<p>Title: The Fuel Security Code (& Guidance notes)</p> <p>Link: http://www.berr.gov.uk/files/file41951.pdf</p> <p>Link to guidance: http://www.berr.gov.uk/files/file41952.pdf</p>	22 October	n/a



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Ofgem	<p>Title: Modifying the gas and electricity supply licences for the use of objections in the non domestic market</p> <p>Link to cover letter: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/Final%20proposal%20non%20domestic%20objections%20FINAL%20VERSION.pdf</p> <p>Link to formal notice to modify electricity supply licences: http://www.ofgem.gov.uk/Markets/RetMkts/Compl/CustTransf/Documents1/Mod%20notice%20Electricity.pdf</p>	22 October	22 November
Ofgem	<p>Title: Unmetered Service Level Agreement (SLA) - Decision on Key Performance Indicators</p> <p>Link: http://www.ofgem.gov.uk/Networks/Connectns/CompinConn/Documents1/Unmetered%20Service%20Level%20Agreement%20(SLA)%20-%20Decision%20on%20Key%20Performance%20Indicators.pdf</p>	22 October	n/a
Ofgem	<p>Title: Consultation on WPD's modification proposal (WPD/WALES/WEST/UOS006) on Use of System Charging to IDNOs</p> <p>Link: http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPDUOS006%20ConsultationLetter.PDF</p> <p>Link to revised proposal: http://www.ofgem.gov.uk/Networks/ElecDist/Policy/DistChrgMods/Documents1/WPD%20uos006%20mod.pdf</p>	22 October	20 November
EAC	<p>Title: Emissions Trading: Government Response to the Committee's Second Report of Session 2006-07 on the EU ETS Emissions Trading: Government Response to the Committee's Second Report</p> <p>Link: http://www.publications.parliament.uk/pa/cm200607/cmselect/cmenvaud/1072/1072.pdf</p>	22 October	n/a
Ofgem/BE RR	<p>Title: Energy Markets Outlook Title of PR : New report sheds light on the energy debate</p> <p>Link to report: http://www.berr.gov.uk/energy/energymarketsoutlook/page41839.html</p> <p>Link to press release: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=324743&NewsAreaID=2</p>	23 October	n/a



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Ofgem	<p>Title: Electricity Distribution Licence Review Proposals</p> <p>Link: http://www.ofgem.gov.uk/Networks/ElecDist/Policy/Documents1/DLR%20Proposals%20consultation.pdf Links to appendices 3 and 4: 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%20Appendix%204.pdf</p>	25 October	18 January
Ofgem	<p>Title: Proposal to vary the commitments given by SP Manweb under the Competition Act 1998 on provision of non-contestable services in electricity connections</p> <p>Link: http://www.ofgem.gov.uk/About%20us/enforcement/Documents1/Consultation%20on%20variation%20of%20commitments%2026107.pdf</p>	26 October	9 November
	<p>Title of PR on speech to ENA: Wicks: winter gas and electricity supplies secure</p> <p>Link to press release: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=327162&NewsAreaID=2</p>	31 October	n/a



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SUMMARY OF OCTOBER 2007 NEW BSC AND CUSC MODS AND DECISIONS

BSC Mod decisions (REJECT)		Panel recommend	Decision date:
P213	(Facilitating Microgeneration (Optional Single MPAN))	REJECT	22 October
New Mods		Raised by:	On:
P217	Revised Tagging Process and Calculation of Cash Out Price	RWE Npower	19 October
P218	Facilitating Microgeneration within the BSC	Good Energy	23 October
P219	Consistency between Forecast and Outturn Demand	National Grid	26 October
P220	Provision of New Data Items for Improving Market Information	National Grid	26 October
CAP decisions (REJECT)		Panel recommend	Decision date:
CAP 143	Interim TEC	REJECT	11 October
CAP “Minded too” (decision pending consideration of parallel grid code change)			
	<p>CAP 144 (Emergency Instruction to de-energise) “minded too” letter</p> <p>Minded to: APPROVE Working Group Alternative Amendment 1 should be implemented (the original and Consultation Alternative Amendment 1 are also considered to be better than the current arrangements).</p> <p>Link to letter: http://www.ofgem.gov.uk/Licensing/ElecCodes/CUSC/Amend/Documents1/Draft%20Cap144%20decision%20letter%20VF.pdf</p>	mirrors the Authorities minded to statement.	19 October

