

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 October 2006.

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

- The Stern report on Climate Change has been published, increasing the focus on low carbon energy solutions. The report's publication was accompanied by an announcement of new climate change legislation and a statement of the Government's vision for Emissions Trading. The statement sets out the objective of a reduction of *at least* 60% on greenhouse gas emissions across the EU by 2050 and a 30% reduction by 2020.
- The remaining current losses modification proposal (P204) was considered at the October meeting of the BSC Panel. As with the other losses Modification proposals considered last month, the BSC Panel recommended rejection.
- DTI has published its consultation on the Renewables Obligation. This covers its long term proposals for change, as set out in the energy review, and short term changes to simplify arrangements for small generators and modify the co-firing rules.
- The new Distribution Connection Use of System Agreement was designated on 5 October.
- Ofgem has APPROVED BSC Modification P205 with effect from 2 November. The change will increase the volume of energy used in the calculation of imbalance prices, under P194, from 100MWh to 500MWh, making prices less extreme than they would have been under P194.

The approval letter expresses disappointment that industry provided very little analysis to support the assessment, singling National Grid out for particular criticism. The decision letter also heralds (another) Ofgem led wide-ranging review of cash out arrangements.



The Pace of Change in Great Britain

Ofgem Issues and Consultations

Issue: Ofgem's preliminary proposals for the GB SO (gas and electricity) incentive schemes from next year

Title: National Grid Electricity Transmission and National Grid Gas System Operator Incentives from 1 April 2007

Issued: 2 October
Response due: 30 October

Link:
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16920_179_06.pdf

Ofgem has published National Grid's forecasts for its SO costs (in gas and electricity) for 2007, and Ofgem's initial views on those forecasts. The consultation is seeking the industries' views on the estimated costs.

NGET has forecast that (external) GB SO costs, for 2007/08, will reach £483 million; it also forecasts it will incur operating expenditure of £251.5 million and capital expenditure of £47 million for the five-year period from 2007/08 to 2011/12.

Issue: Initiation of a consultation on the effectiveness of the IFI and RPZ arrangements

Title: Open Letter Consultation on the Innovation Funding Incentive and Registered Power Zone Schemes for Distribution Network Operators

Issued: 5 October
Response due: 30 November
Workshop: 21 November

Link:
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16958_181_06.pdf

In line with the commitment given when the Innovation Funding Incentive (IFI) and Registered Power Zone (RPZ) arrangements were introduced in April 2005, Ofgem is initiating a review of their effectiveness.

The consultation seeks views on the operation of these schemes. Ofgem's initial view is that the schemes are working well and it is not contemplating any fundamental changes.

Ofgem will be holding a workshop on Tuesday 21 November to discuss the issues raised in the consultation.

Issue: The coming into force of the new DCUSA

Title: Direction to designate the Distribution Connection and Use of System Agreement

Issued/effective from: 5 October

Link (direction):
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16966_Direction_of_DCUSA.pdf

Link to reasons document:
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16965_Designation_Notice.pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/elecgov/egov04

Ofgem has issued directions designating the DCUSA on 5 October.

Issue/Title: Ofgem and Microgeneration: Next Steps

Issued: 9 October
Response due: n/a

Link:
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17008_MicroOctFINAL.pdf

Ofgem has published its "next steps" for Microgeneration which sets out the actions it is taking to remove regulatory barriers to the development of microgeneration. Areas considered include DUoS charging, the need for "one stop shop" arrangements, and payments for exported energy.

Issue/Title: Decision in relation to use of system charging methodology modification proposal GB ECM-05: Manifest errors in the calculation of TNUoS

Issued: 11 October
Effective from: 20 October

Link:
http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17046_185_06.PDF



The Pace of Change in Great Britain

Ofgem has endorsed (not vetoed) NGET's proposed changes to the TNUoS methodology to introduce a mechanism to allow TNUoS charges to be reconciled if there is a manifest error which results in a material change to a User's annual TNUoS charges (a material change is one where there is an error in the TNUoS tariff of +/-£0.50/kW or greater, or an error in a User's TNUoS tariff which results in an error in the annual TNUoS charge of +/-£250,000 or greater).

Issue/Title: Ofgem's decision on the future of the Gas and Electricity Metering price Controls

Issued: 13 October (open letter 2 October)
Response due: n/a

Link to document:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17049_187_06.pdf

Link to open letter:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16916_178_06.pdf

Ofgem has decided to allow the DNO price controls for new and replacement meters and meter operation to fall away at the end of this financial year (in line with the current price control provisions). The consultation notes that the majority of respondents to Ofgem's earlier consultation had opposed this approach. The price cap on electricity meters installed before 31 March 2007 will be retained. There will be a further review within 18 months of the controls being lifted.

Issue/Title: Publication of a number of reports by consultants on work undertaken for Ofgem under the Transmission Price Control Review

Issued: 16 October
Response due: n/a

Link:

<http://www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/transpcr>

Ofgem has published the following reports on its website.

- Results of work carried out by Deloitte in support of Ofgem's Transmission Price Control Review 2007 – 2012
- Deloitte Report, Transmission Price Control Review, Procurement Effectiveness Study – Construction

- Deloitte Report, Transmission Price Control Review: Assessment of National Grid's Insurance Costs – Marsh Reports:
 - Part 1 Intro
 - Part 2 Risk Management
 - Part 3 Claims
 - Part 4 Captives
 - Part 5 Addendum
- TPCR & GDPCR Employment Cost Benchmark – Inbucon Report

Issue: Ofgem open letter on taking forward the conclusions from its consultation on Financing Networks

Title: Financing Networks

Issued: 27 October
Response due: n/a

Link:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17219_189_06.pdf

Ofgem has published an open letter setting out how it will take forward its conclusions from the Ofgem/Ofwat consultation on financing networks, conducted over the first half of this calendar year.

Electricity Licences and Licence Modifications

NOTICES OF LICENCES GRANTED IN OCTOBER

Crowthorne Electricity Supply Limited was granted an electricity supply licence on 18 October.

Link:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17148_crowthorne_ES_notice.pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/licensing/licensingapplicationgrantednotices

NOTICES OF LICENCES APPLIED FOR IN OCTOBER

Port Talbot Power Limited has applied for an electricity generation licence Notice of licence applications can be found at:

<http://www.ofgem.gov.uk/ofgem/work/index.jsp?section>



The Pace of Change in Great Britain

[=/areasofwork/licensing/licensingapplicationnotices](#)

London Array Limited has applied for an electricity generation licence. Notice of licence applications can be found at:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16957_LA_Notice.pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/licensing/licensingapplicationnotices

OTHER LICENCE NOTICES

Following its request in September 2006, **Enron Gas & Petrochemicals Trading Limited** has had its non-domestic electricity supply licence revoked. The notice of revocation can be found at:

http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17216_Enron_revocation_notice_and_reasons.pdf?wtfrom=/ofgem/work/index.jsp§ion=/areasofwork/licensing/licensingrevocations

TREASURY / DEFRA / STERN

Issue/Title: Publication of the Stern Review on the Economics of Climate Change

Published: 30 October

Response: n/a

Link to Stern Review Report and links:

http://www.hm-treasury.gov.uk/Independent_Reviews/stern_review_economics_climate_change/sternreview_index.cfm

Link to full report:

http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm

Link to Summary of Conclusions:

http://www.hm-treasury.gov.uk/media/8A8/C1/Summary_of_Conclusions.pdf

Link to Executive Summary:

http://www.hm-treasury.gov.uk/media/8AC/F7/Executive_Summary.pdf

The Stern Review, the ~16 months review of climate change headed by Sir Nicholas Stern, was published on 30 October. The headline message is that “there is still time to avoid the worst impacts of climate change, if we take strong action now”.

Stern goes on to argue that climate change is the greatest market failure the world has ever seen and that three elements of policy are required for an effective global response.

“The first is the pricing of carbon, implemented through tax, trading or regulation. The second is policy to support innovation and the deployment of low-carbon technologies. And the third is action to remove barriers to energy efficiency, and to inform, educate and persuade individuals about what they can do to respond to climate change.”

The report recommends that future international frameworks should include:

- emissions trading;
- technology cooperation;
- action to reduce deforestation;
- adaptation (and the honoring by rich countries of their pledges to increase support through overseas development assistance).

Issue: DEFRA announcement of new Climate Change Bill

Title: Climate Change Legislation

Issued: 30 October 31

Response: n/a

Link: <http://www.defra.gov.uk/news/2006/061030a.htm>

To coincide with the publication of the Stern Report DEFRA's David Miliband announced there would be new Climate change legislation.

The press release states that the legislation will comprise four key elements.

“It will put the Government's long-term goal to reduce carbon dioxide emissions by 60 per cent by 2050 into statute. How the target is defined and set, and how we measure and report on our progress, are fundamental issues that we are still considering. We will also consider appropriate interim targets.

It will establish an independent body – the Carbon Committee – to work with Government to reduce emissions over time and across the economy. Its advice will be open, transparent, equitable and mindful of sectoral and competitiveness impacts, including the need to secure energy supplies at competitive prices.



The Pace of Change in Great Britain

It will create enabling powers to put in place new emissions reduction measures needed to achieve our goals.

It will improve monitoring and reporting arrangements, including how the Government reports to Parliament."

Issue: Statement by the Government on its vision for the evolution of the EU ETS

Title: Emissions Trading: UK Government Vision

Issued: 30 October

Response due: n/a

Link:

http://www.hm-treasury.gov.uk/media/98D/4B/environment_emissionstrading301006.pdf

The Government has published a statement on its vision for the future of the EU ETS – much of which builds on the aspirations set out in the Energy Review. The main messages are:

- the need to set long term goals which includes the objectives of EU reductions in greenhouse gases of *at least* 60% reduction on 1990 levels by 2050 and 30% reductions by 2030;
- building a global market across more sectors and gases and encouraging the development of CDM (Clean Development Projects) that deliver reductions in developing countries. This includes the statement that the EU should guarantee that credits from CDM projects registered by 2012 will be valid for compliance in Phase 3 of the EU ETS; and
- further technical changes to improve the efficiency of the scheme (optimal trading periods, level playing fields, more auctioning, removing perversities where allocations are free, and better targeting of coverage).

DTI

Issue: DTI two part consultation on the longer term changes to the RO foreshadowed in the Energy Review and changes to the Renewables Obligation Order for 2007 to implement provisions

in the Climate Change and Sustainable Energy Act

Title: Reform of the Renewables Obligation & Statutory Consultation on the Renewables Obligation Order 2007

Published: 9 October

Response due:

Part 1 - 5 January

Part 2 – 15 December

Link:

<http://www.dti.gov.uk/consultations/page34162.html>

DTI has published its consultation on the Renewables Obligation. The consultation is in two parts:

- Part 1 covers the longer term, fundamental, changes foreshadowed in the Energy Review; and
- Part 2 covers, mainly, shorter term changes that can be implemented via changes to the Renewables Obligation.

The proposals within Part 1, which will need new primary legislation and are unlikely to come into effect before 2009/10 include:

- banding for technologies with different ROC entitlements for different technologies. Protection will be provided for existing generators who will not be worse off when the changes are implemented (although this protection will not extend to co-firing);
- a proposal to set ROC entitlements by reference to need (lifetime costs) and the desire to ensure that, overall, the number of ROCs issued will still reflect the amount of generation produced (banding up to equal banding down);
- a new mechanism for setting a Target of up to 20% based on a “fixed headroom” mechanism that will limit volatility in the value of recycled buy out payments post 2015/16 and once forecast renewable generation exceeds 14.4%;
- protection against price collapse with a new mechanism to be developed to provide protection in the event the target is reached;
- removing indexation of the buyout price from 2015/16;
- changes on co-firing (removing the cap for co-firing energy crops from 1 April 2007 and, subject to the introduction of banding, to allow lower ROC allocation to other biomass fueled electricity,



The Pace of Change in Great Britain

- removing other co-firing restrictions); and
- changes to allow the cost of administering the scheme to be recovered from the buy out fund rather than licence fees as at present.

Part 2 covers changes to the 2007 Renewables Obligation Order to:

- allow agents to act for small generators;
- allow generation from a number of microgenerating stations to be amalgamated for the purposes of claiming ROCs;
- removing the requirement for a sale and buy back agreement (for all generation – not just microgeneration); and
- changes to the co-firing rules.

Part 2 also seeks views on the future introduction of “type approvals” or use of technology/system specific average output rather than actual output from very small scale generation.

Issue/Title: Energy Statistics

Issued: 9 October
Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=232864&NewsAreaID=2#>

DTI announced the publication (on 28 September) of the Energy Trends and Quarterly Energy Prices

Issue/Title: Consultation on improving public participation provisions in environmental impact assessment regulations for energy infrastructure

Issued: 10 October
Response due: 2 January 2006

Link:
<http://www.dti.gov.uk/consultations/page34348.html>

DTI has issued a consultation on revised requirements relating to the environmental impact assessment of projects that have arisen on a European wide basis as a result of the Commission Directive 2003/35/EC, the “Public Participation” or “Aarhus” Directive. The consultation covers proposed changes to a number of regimes covering power stations and overhead lines, gas transporter pipelines and commercial pipelines that

are administered by the DTI.

Issue/Title: The Effectiveness of Current Gas Security of Supply Arrangements: a Consultation

Issued: 16 October
Response due: 12 January 2006

Link:
<http://www.dti.gov.uk/consultations/page34643.html>

In line with its commitment in the Energy Review, DTI has published a consultation on current gas security of supply arrangements.

Issue: Official opening of the Langeled pipeline

Title: PM ushers in new era of enhanced energy security for the UK

Issued: 16 October

Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=234477&NewsAreaID=2>

DTI issued a press release on the future of gas supply with the official opening ceremony of the Norwegian Langeled pipeline, set to deliver up to 20% of the UK's average winter gas needs

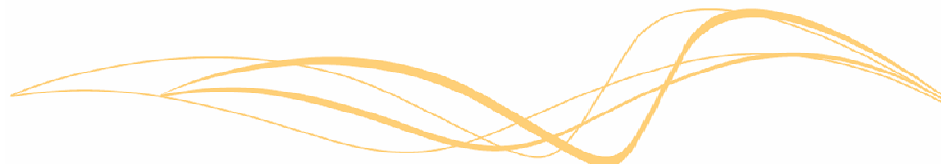
Issue/Title: Government Announces Next Steps for BNG Sale and Plans for a National Nuclear Laboratory

Issued: 24 October
Response due: n/a

Link:
<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=236648&NewsAreaID=2>

DTI has published a press release announcing Government's approval plans to break up and sell off British Nuclear Group and its intention to establish a new National Nuclear Laboratory.

Issue: More money available for grants for householders installing microgeneration under the



The Pace of Change in Great Britain

Low Carbon Buildings programme

Title: Wicks gives a helping hand to green householders

Issued: 27 October

Response due: n/a

Link:

<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=237854&NewsAreaID=2>

DTI has issued a press release stating that the money available for grants to householders under the LCBP will be increased by £6.2m (this is a redistribution of Phase 1 Money).

DEFRA

Issue/Title: Miliband announces radioactive waste disposal plan

Issued: 25 October

Response due: n/a

Link:

<http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=237193&NewsAreaID=2>

DEFRA issued a press release announcing DEFRA proposals for the geological disposal of higher activity nuclear waste.

NFPA

Title: e-ROC Auction of Renewable Obligation Certificates

Press release issued: 24 October 2006

The e-ROC Auction of Renewable Obligation Certificates (ROCs), on 24 October 2006 traded more than 68,000 ROCs (including 14,000 co-fired) with an average price of £39.84 (compared to £40.62 in July). The press release indicates that the average price of standard ROCs was £44.81 and the average price for co-fired ROCs was £20.82.

The European Union

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

Brussels, 19 October 2006

Saving 20% by 2020: European Commission unveils its Action Plan on Energy Efficiency

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/1434&format=HTML&aged=0&language=EN&guiLanguage=en>

19 October

Commissioner Piebalgs and Bob the Builder remind children of the importance of energy efficiency

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/1435&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 19 October 2006

Research shows huge potential energy savings through light-bulbs and household goods

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=MEMO/06/386&format=HTML&aged=0&language=EN&guiLanguage=en>

Speech Brussels, 19 October 2006

Andris Piebalgs (Energy Commissioner) Wind Energy for the Future Opening ceremony of Wind Technology Platform

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=SPEECH/06/614&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 24 October 2006

The Commission approves the construction of a new nuclear power plant in France

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/1450&format=HTML&aged=0&language=EN&guiLanguage=en>

Brussels, 27 October 2006

Climate change: Member States need to intensify efforts to reach Kyoto emission targets

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/06/1488&format=HTML&aged=0&language=EN&guiLanguage=en>

GB SO REPORTS AND CONSULTATIONS

Issue: Ofgem approval of changes to various documents to give effect to the new BM Start up



The Pace of Change in Great Britain

services

Title: Decision on Proposed revisions to Procurement Guidelines (PGs), Balancing Principles Statement (BPS), and Balancing Services Adjustment Data (BSAD) Methodology Statement – Incorporation of BM Start-up services

Issued on: 3 October

To be implemented on: 1 November

Link:

<http://www.nationalgrid.com/NR/rdonlyres/E7F856B6-59A4-4E8B-87A0-D8DC9A9D4ED5/1121/Sept06DecisionLettervFINAL.pdf>

Ofgem has given its approval to the changes to the Procurement Guidelines (PGs), Balancing Principles Statement (BPS), and Balancing Services Adjustment Data (BSAD) Methodology Statement to give effect to the new BM start-up service that will come into effect on 1 April.

Title: Consultation GB ECM-06
Charging arrangements associated with SQSS design variations based upon customer requests

Issued: 6 October

Response due: 3 November

Link:

<http://www.nationalgrid.com/NR/rdonlyres/597EB9D5-DD49-4605-BBEC-388816C4416C/11930/GBECM06SQSSDesignVariationsConsultation.pdf>

NGET has issued a consultation document on changes it is proposing to the Transmission Network Use of System (TNUoS) charging methodology to introduce a mechanism that will allow capital savings associated with customer requested SQSS connection design variations to be passed through to customers via discounts to their TNUoS tariff.

The proposals follow on from the earlier “pre-consultation”, issued in August, which considered four possible approaches. National Grid indicate that the option being progressed, amendment of the Use of System Charging Methodology, attracted by far the most support in the previous consultation. The consultation document includes worked examples of the discounts that might apply.

Title: Short Term Operating Reserve Standard Contract Terms

Issued: 6 October

Link:

http://www.nationalgrid.com/NR/rdonlyres/F39FAACB-D410-432A-BDE9-126E2C4E17BC/11217/DRAFTSCTs_2_.pdf

National Grid has published draft terms and conditions for the proposed new Short Term Reserve Contract which it proposes to use to replace Standing Reserve from 1 April 2007. NGET is proposing to issue an ITT for this new service in early December.

Issue/ Title: Charging Condition 2: Summary report on the review of the derivation and use of incremental cost of capacity in the GB charging methodology

Issued: 17 October

Response due: n/a

Link:

<http://www.nationalgrid.com/NR/rdonlyres/E7F856B6-59A4-4E8B-87A0-D8DC9A9D4ED5/1121/Sept06DecisionLettervFINAL.pdf>

National Grid has published its final report into its review of the derivation and use of the incremental cost of capacity within its GB Charging Methodology. The report provides National Grid’s views on the issues raised and sets out the changes it will be making in the near future to the Statement of the Use of System Charging Methodology to improve transparency.

Issue/ Title: CHARGING CONDITION 6 REPORT: Charging Arrangements for Site Specific Maintenance Final Conclusions October 2006

Issued: 19 October

Response due: n/a

<http://www.nationalgrid.com/NR/rdonlyres/3D6B6A7F-286A-410B-9633-0D5046A4F099/1127/ConclusionreprotChargingcondition6SSM.pdf>



The Pace of Change in Great Britain

National Grid has published its Final Conclusions under Charging Condition 6. The report indicates that it has concluded that the current connection charging arrangements do not need to be changed but should be kept under constant review in accordance with the requirements of its Transmission Licence.

Issue/ Title: The Statement of the Use of System Charging Methodology Effective from 1 April 2006 (Issue 1 Revision 2)

Issued: 20 October
Response due: n/a

Link:
<http://www.nationalgrid.com/NR/rdonlyres/19EAB367-EB7E-4B39-AE73-826D66D48FB2/7402/GBCCMI2R2.pdf>

National Grid has issued "revision 2" of the Use of System Charging methodology which incorporates the decision, noted above, on the treatment of manifest errors and further detail following the reviews undertaken under Charging Conditions.

THE BSC AND CUSC

The BSC

Consultations

Issue: ELEXON is consulting on three possible high level functional options available for the BSC Systems beyond 2009.
Title: Project Isis Initial Consultation - BSC Systems Beyond 2009

Issued: 4 October
Response due: 1 November

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

A number of the BSC Agent contracts expire in 2009 and ELEXON has initiated work on the specification of BSC Parties' requirements under the replacement contracts. The consultation seeks industry views on three high-level options ELEXON has developed in the light of a review of the systems and processes that could benefit from change, ideas on reducing costs for future changes, and comments on the usability of the

current systems.

New Transmission Company Panel Member

With effect from 1 October, Duncan Burt will be the new Transmission Company BSC Panel Member.

Joiners and leavers

The following BSC Parties **withdrew** from the BSC in October:

E.ON UK High Marnham Limited (Party ID: TXUHMAR)
E.ON UK Drakelow Limited (Party ID: TXUDRAK)
E.ON UK Ironbridge Limited (Party ID: TXUIRON)
Cottam Development Centre Limited (Party ID: COTDEVCN)
Enizade Limited (No registered Party ID)

and

Calyon acceded to the BSC in October (as a Non-Physical Trader).

Approved Modifications

- **P205 (Increase in PAR level from 100MWh to 500MWh)**

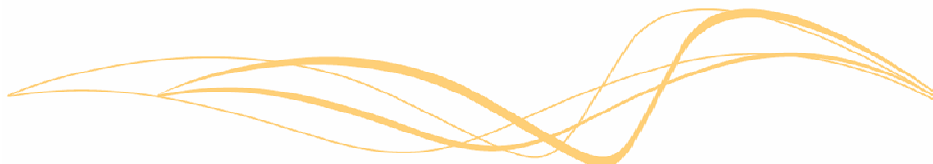
Date approved: 20 October
Implementation date: 2 November

Panel recommendation: Approve

The Modification will undo some of the effects of P194 that was approved for implementation on 2 November by changing the volume of energy used in the imbalance price calculation from the most costly 100MWh (as per P194) to the most costly 500MWh. The direction letter notes that the decision was "very finely balanced". Ofgem note the helpful analysis provided by EdF but express "disappointment" at the industry's (and National Grid in particular) lack of analysis to support the assessment .

Inducing a mild sense of *déjà vu*, the letter also states that Ofgem intends "to commence a wide-ranging review of cash out arrangements at the latest in Spring 2007 and plan to present our proposed way forward shortly at a BSC Panel meeting".

BSC Panel Modification recommendations



The Pace of Change in Great Britain

The BSC Panel considered the Zonal losses Modifications P204 (Scaled Zonal Transmission Losses) at its meeting in October and recommended that it should be rejected.

IPA News

IPA's report to the Forum for Renewable Energy Development in Scotland (FREDS) Hydrogen Energy Group (HEG) entitled "The Potential for Hydrogen and Fuel Cell Development in Scotland" is mentioned in the following link

<http://www.scotland.gov.uk/Publications/2006/09/01153642/0>

While the DTI have published our report "The Economics of Co-firing" at the following link

<http://www.dti.gov.uk/files/file34449.pdf>

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.

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



The Pace of Change in Great Britain

SUMMARY OF OCTOBER 2006 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 LAST EDITION...		Issued	Response Due
DTI	<p>Title: New investment in energy initiative launched today</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=227095&NewsAreaID=2</p>	14 Sept	Response due: EOIs requested by end November
Scot Exce	<p>Title: Statutory consultation on review of ROS (support for wave and tidal power) 2006.</p> <p>Link consultation: http://www.scotland.gov.uk/Topics/Business-Industry/infrastructure/19185/ROSConsWaveTidal06Paper draft statutory order: http://www.scotland.gov.uk/Topics/Business-Industry/infrastructure/19185/ROSConsWaveTidal06Order</p>	20 Sept	12 Dec
Ofgem/ NGET	<p>Title: Winter 2006/07 Consultation Report</p> <p>Links: Consultation: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16803_168_06.pdf Ofgem cover letter: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16799_168_06_covering_letter.pdf</p>	21 September	On-going through winter 2006/7
Ofgem	<p>Title: Treatment of the early replacement of prepayment meters in the electricity metering price controls</p> <p>Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16895_175_06.pdf</p>	29 Sept	10 Nov
<p>New in October... (this does not include all the details of licence notices/modifications/applications/revocations/licences granted)</p>			



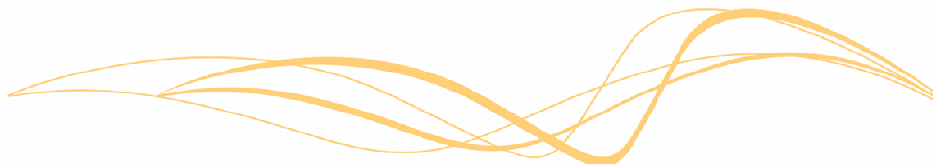
The Pace of Change in Great Britain

Ofgem	<p>Title: National Grid Electricity Transmission and National Grid Gas System Operator Incentives from 1 April 2007</p> <p>Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16920_179_06.pdf</p>	2 October	30 October
NGET	<p>Title: Decision on Proposed revisions to Procurement Guidelines (PGs), Balancing Principles Statement (BPS), and Balancing Services Adjustment Data (BSAD) Methodology Statement – Incorporation of BM Start-up services</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/E7F856B6-59A4-4E8B-87A0-D8DC9A9D4ED5/11121/Sept06DecisionLetterFINAL.pdf</p>	3 October	
Ofgem	<p>Title: Open Letter Consultation on the Innovation Funding Incentive and Registered Power Zone Schemes for Distribution Network Operators</p> <p>Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16958_181_06.pdf</p>	5 October	30 November (workshop 21 Nov)
Ofgem	<p>Title: Direction to designate the Distribution Connection and Use of System Agreement</p> <p>Link (direction): http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16966_Direction_of_DCUSA.pdf Link to reasons document: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16965_Designation_Notice.pdf?wtfrom=/ofgem/work/index.jsp&section=/areasofwork/electgov/egov04</p>	5 October	
NGET	<p>Title: Consultation GB ECM-06 Charging arrangements associated with SQSS design variations based upon customer requests</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/597EB9D5-DD49-4605-BBEC-388816C4416C/11930/GBECM06SQSSDesignVariationsConsultation.pdf</p>	6 October	3 November
NGET	<p>Title: Short Term Operating Reserve Standard Contract Terms</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/F39FAACB-D410-432A-BDE9-126E2C4E17BC/11217/DRAFTSCTs_2_.pdf</p>	6 October	



The Pace of Change in Great Britain

Ofgem	Title: Ofgem and Microgeneration: Next Steps Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17008_MicroOctFINAL.pdf	9 October	
DTI	Title: Reform of the Renewables Obligation & Statutory Consultation on the Renewables Obligation Order 2007 Link: http://www.dti.gov.uk/consultations/page34162.html	9 October	Part 1 - 5 January Part 2 – 15 December
DTI	Issue/Title: Energy Statistics Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=232864&NewsAreaID=2#	9 October	
Ofgem	Title: Decision in relation to use of system charging methodology modification proposal GB ECM-05: Manifest errors in the calculation of TNUoS Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17046_185_06.PDF		
DTI	Title: Consultation on improving public participation provisions in environmental impact assessment regulations for energy infrastructure Link: http://www.dti.gov.uk/consultations/page34348.html	10 October	2 January
Ofgem	Title: Ofgem's decision on the future of the Gas and Electricity Metering price Controls Link to document: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17049_187_06.pdf Link to open letter: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/16916_178_06.pdf	13 October	
DTI	Title: The Effectiveness of Current Gas Security of Supply Arrangements: a Consultation Link: http://www.dti.gov.uk/consultations/page34643.html	16 October	12 January
DTI	Title: PM ushers in new era of enhanced energy security for the UK Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=234477&NewsAreaID=2	16 October	



The Pace of Change in Great Britain

Ofgem	<p>Title: Publication of a number of reports by consultants on work undertaken for Ofgem under the Transmission Price Control Review</p> <p>Link: http://www.ofgem.gov.uk/ofgem/work/index.jsp?section=/areasofwork/transpcr</p>	16 October	
NGET	<p>Title: Charging Condition 2: Summary report on the review of the derivation and use of incremental cost of capacity in the GB charging methodology</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/E7F856B6-59A4-4E8B-87A0-D8DC9A9D4ED5/11121/Sept06DecisionLetterFINAL.pdf</p>	17 October	
NGET	<p>Issue/ Title: CHARGING CONDITION 6 REPORT: Charging Arrangements for Site Specific Maintenance Final Conclusions October 2006</p> <p>http://www.nationalgrid.com/NR/ronlyres/3D6B6A7F-286A-410B-9633-0D5046A4F099/11727/ConclusionreprotChargingcondition6SSM.pdf</p>	19 October	
NGET	<p>Title: The Statement of the Use of System Charging Methodology Effective from 1 April 2006 (Issue 1 Revision 2)</p> <p>Link: http://www.nationalgrid.com/NR/ronlyres/19EAB367-EB7E-4B39-AE73-826D66D48FB2/7402/GBCCMI2R2.pdf</p>	20 October	
DTI	<p>Issue/Title: Government Announces Next Steps for BNG Sale and Plans for a National Nuclear Laboratory</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=236648&NewsAreaID=2</p>	24 October	
DEFRA	<p>Title: Miliband announces radioactive waste disposal plan</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=237193&NewsAreaID=2</p>	25 October	
DTI	<p>Title: Wicks gives a helping hand to green householders</p> <p>Link: http://www.gnn.gov.uk/Content/Detail.asp?ReleaseID=237854&NewsAreaID=2</p>	27 October	



The Pace of Change in Great Britain

Ofgem	Title: Financing Networks Link: http://www.ofgem.gov.uk/temp/ofgem/cache/cmsattach/17219_189_06.pdf	27 October	
Stern Review	Issue/Title: Publication of the Stern Review on the Economics of Climate change Link to Stern Review Report and links: http://www.hm-treasury.gov.uk/Independent_Reviews/stern_review_economics_climate_change/sternreview_index.cfm Link to full report: http://www.hm-treasury.gov.uk/independent_reviews/stern_review_economics_climate_change/stern_review_report.cfm Link to Summary of Conclusions: http://www.hm-treasury.gov.uk/media/8A8/C1/Summary_of_Conclusions.pdf Link to Executive Summary: http://www.hm-treasury.gov.uk/media/8AC/F7/Executive_Summary.pdf	30 October	
DEFRA	Title: Climate Change Legislation Link: http://www.defra.gov.uk/news/2006/061030a.htm	30 October	
DEFRA	Title: Emissions Trading: UK Government Vision Link: http://www.hm-treasury.gov.uk/media/98D/4B/environment_emissionstrading301006.pdf	30 October	

BSC Mods & Decisions October 2006.....			
Mod decisions			
		Approved on:	Effective:
P205	Increase in PAR level from 100MWh to 500MWh Panel recommendation: Approve	20 October	2 November

