Small generator issues under BETTA

David Gray
Managing Director, Regulation & Financial Affairs

Creating a GB market

- Joint Ofgem/DTI project
- BETTA will create:
  - A GB wholesale market
  - With common rules for access to the transmission network
  - One operator of the three existing networks
- Top priority for Ofgem
- Commitment from Government
- Target date of April 2005

Key outcomes

- Benefits for customers across GB
  - Greater choice
  - Downward pressure on prices
- Essential for growth in renewables in Scotland
  - Network investment
  - Independent operation of networks
  - Direct access to liquid GB market

Current position

- Project on track
- Ofgem/DTI working closely with transmission licensees
- Detailed consultation over past 12 months
- Clearer picture of what it will mean for participants
- But still some areas of policy to develop, some of which affect small generators

Small generators consultation

- Small generator issues cut across a number of different codes and documents
- England and Wales arrangements are untested in respect of small, transmission-connected generators
- Benefit from consideration across the piece
- Rationale for November consultation document

Purpose of today

- Review November consultation proposals
- Open discussion
- Informed by expert industry presentations
- Ofgem/DTI would welcome additional views

Next steps

- Ofgem/DTI conclusions document in next 4-6 weeks
- Implementation of conclusions might require further detailed consultation
- Conclusions will be incorporated in relevant codes and documents

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Promoting choice and value for all gas and electricity customers

Trading issues and small generators

Simon Street
BETTA project, Ofgem

Framework

- Establish a GB Balancing & Settlement Code (BSC)
- Consultation based on current England and Wales BSC
- Current position on BSC consultation
- Interaction with small generators consultation

Issues

- BSC is cornerstone of competitive arrangements in England and Wales
- Expectation of minimal change
- But BSC is untested in respect of small, transmission-connected generation
- Need to consider appropriateness of obligations
  - Trading options
  - Trading charges

Trading options

- Depends currently on size (specifically, being 'exemptible' as defined in the BSC) and being distribution-connected
- Proposed to retain this classification in GB BSC
- Not appropriate to 'pretend' that transmission-connected generators do not trade centrally – issues of discrimination
- But is appropriate to consider whether trading options are unnecessarily constrained
- Views invited in November document

ELEXON trading charges

- ELEXON administers the balancing and settlement arrangements
- Cost recovery via BSC trading charges
- Charges in part based on output
- Some fixed elements
- Views invited on proportionality for small generators

Next steps

- Ofgem/DTI conclusions document in next 4-6 weeks
- Implementation of conclusions might require further detailed consultation
- Conclusions will be incorporated in relevant codes and documents

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Promoting choice and value for all gas and electricity customers

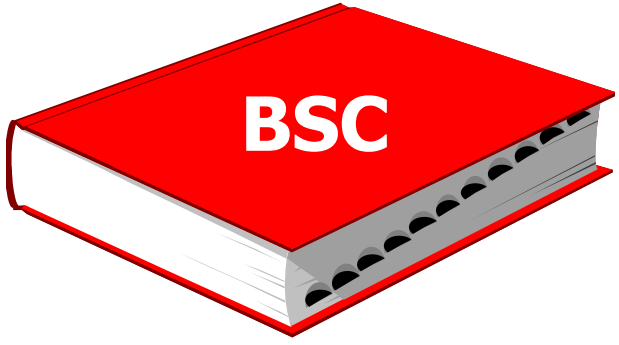
ELEXON and the Industry

Agenda

- ELEXON's role as BSC Co
- Trading options for Licence Exempt Generators (LEGs)
- Market Entry Checks & Tests
- Metering & Trading Units
- ELEXON BETTA Project
- Testing & Trialling

Balancing and Settlement Code Company (BSCCo)

- **ELEXON is the BSCCo which is defined in and created by the Balancing and Settlement Code (BSC)**



- **Non profit making**
- **Wholly owned subsidiary of National Grid**

ELEXON's Role

- ELEXON procures, manages and operates services and systems which enable the balancing and settlement of the wholesale electricity market and retail competition
- ELEXON supports the BSC Panel which oversees the operation of the trading arrangements and modifications to trading rules

Key Responsibilities

- Contracting party for BSC Agents
- Employing staff to manage BSC arrangements
- Providing support, advice and resources to BSC Panel, Panel Committees and Modification Groups
- Implementing BSC Modifications and other changes
- Monitoring compliance with, and enforcing, the BSC
- Undertaking periodic reviews of the BSC and recommending changes for greater efficiency

Cost Recovery

- ELEXON costs budgeted annually, charged and invoiced monthly
- ELEXON charges = Costs
- Charges composed of:
  - BSC Charges which include:
    - 'Net Management' Charges (55%)
    - 'Tariff' Charges
    - 'NETA' Recharges
  - Supplier Volume Allocation (15%):
    - Production
    - Consumption (NH and NHH)

Differences between Scotland and E&W

- Lower limit for transmission in Scotland is 132kV
- Most smaller generators in Scotland transmission connected
- Most smaller generators in E&W distribution connected

Generator Trading Options

- **Embedded Generators need to decide whether or not to become a BSC Party – influenced in part by:**
  - **Whether to trade through SVA or CVA arrangements**
  - **Whether or not to operate in the Balancing Mechanism**
  - **Pass energy imbalance management and resultant risks to another Party (eg MVRN) or manage risk in-house**

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SVA Trading Options (1)

- **Trading through a licensed Supplier**
  - **Supplier takes responsibility for exports (and if applicable, imports)**
  - **Supplier registers to be the Supplier of the MPAN associated with the Exemptable Generator in relevant SMRS**
  - **Output of Exemptable Generator is allocated to Supplier as a negative demand**

SVA Trading Options (1)

- Processed under the Supplier Volume Allocation rules
- BSC sets out rules about who is Primary and who is Secondary Supplier and how the volume is allocated if output of generator is split between two suppliers
- Exemptable Generator does not have to be a signatory to the Code

SVA Trading Options (2)

- **Independent Trading**
  - **The person responsible for Imports & exports must be a licensed Supplier**
  - **Register an Additional Supplier BM Unit which , if it complies with the Exemptable Generating Plant rules set out in the Code (Section K), can be granted Exempt Export status**

CVA Trading Options

- **Independent Trading**
  - **LEG would need to become a BSC Party**
  - **Register Metering System with CRA**
  - **Register Exempt Export BM Unit**
  - **Option to operate in Balancing Mechanism**

CVA Trading Options

- **Trading Through an Agent**
  - **Metering System Registration with CRA**
  - **Exempt Export BM Unit Registration**
  - **Manages energy imbalances and resultant risks**
  - **Licensed Supplier takes responsibility for Imports & Exports**
  - **Therefore, LEG does not have to be a signatory to the Code**

Trading Units

- **Class 4 Trading Unit introduced for LEGs (Code Section K)**
  - **Set of BM Units in the same GSP Group**
  - **Enables range of embedded benefits to be realised:**
    - **TNUoS Benefits***
    - **BSUoS Benefits***
    - **Transmission Loss Benefits**
    - **BSCCo Charge Benefits**

***non BSC-related**

Trading Unit Options for Exemptable Generators

- Stay in GSP Base Trading Unit (BSC default)
- Allocate any or all of its Export Exempt BM Units to form a Trading Unit with other Exempt Export BM Units in the same GSP Group

Range of Market Entry Processes

- Accession
- Registration
- Qualification
- Authorisation
- Accreditation (SVA only)
- Entry Process Tests (SVA only)

Scope of Requirements

- Three basic categories of market participant:
  - Trading Parties
  - Party Agents participating in the Central Volume Allocation Systems
  - Party Agents participating in the Supplier Volume Allocation Systems

CVA Party Agents

- CVA systems are the mechanisms for clearing & settlement of imbalance between physical & contracted positions:
  - ECVNA
  - MVRNA
  - CVA MOA

Accession

- **Process by which a company becomes a Party to (signatory of) the BSC**

Registration

- All Parties, ECVNAs & MVRNAs are required to register the following, where applicable:
  - Company details including participant role
  - Metering systems & BM Units
  - Banking details
  - Credit cover

Qualification

- All Parties and CVA Party Agents must:
  - Install a communications line
  - Undergo Qualification Testing

Authorisation

- All Parties and CVA Party Agents must:
  - Authorise signatories to perform BSC functions

Summary of Requirements

Metering & Trading Units

- Metering CoPs in E&W under BSC will be unchanged under GB BSC
- Metering CoPs in Scotland under SAS will be incorporated under the GB BSC
- Ofgem Consultation on metering dispensations concluded last December
- Ofgem consultation on BM and Trading Units being carried out.

ELEXON BETTA Project

- Has operated on Assumption that existing E&W Arrangements will be extended to the GB Arrangements with the following exceptions:
  - Transmission boundary voltage
  - Profiling
  - Transmission Owner reporting
  - BM and Trading Unit configuration (e.g. Cascade hydro)

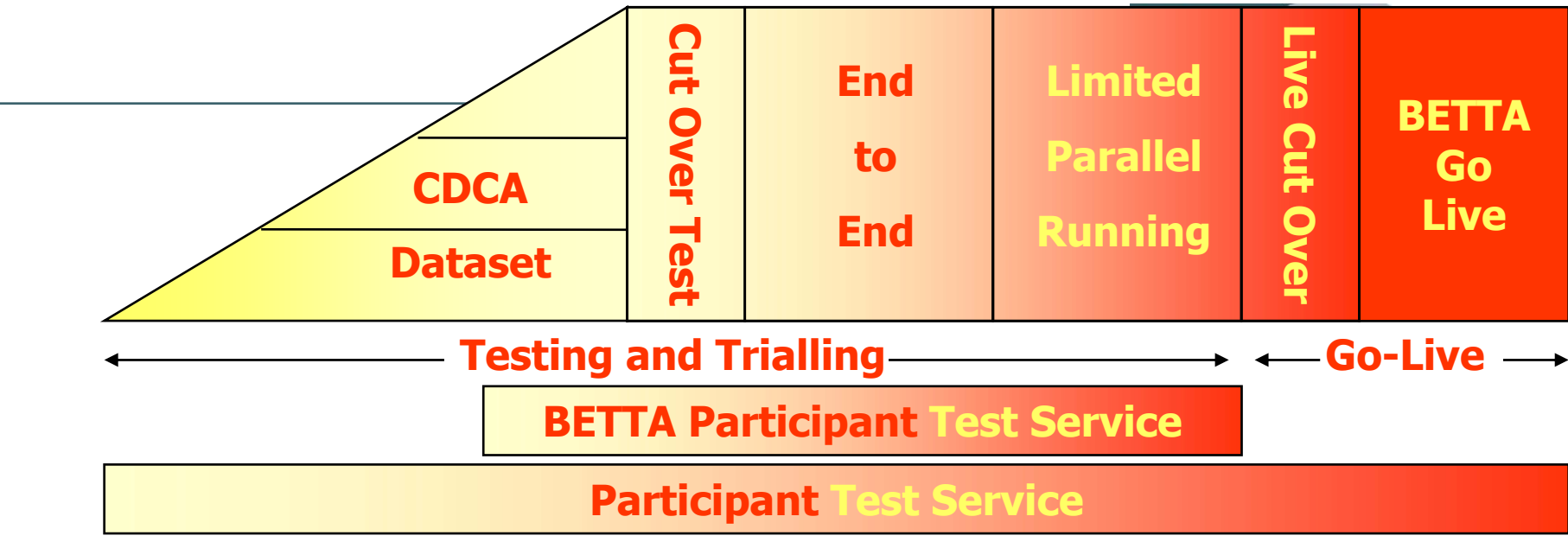
Recent Achievements

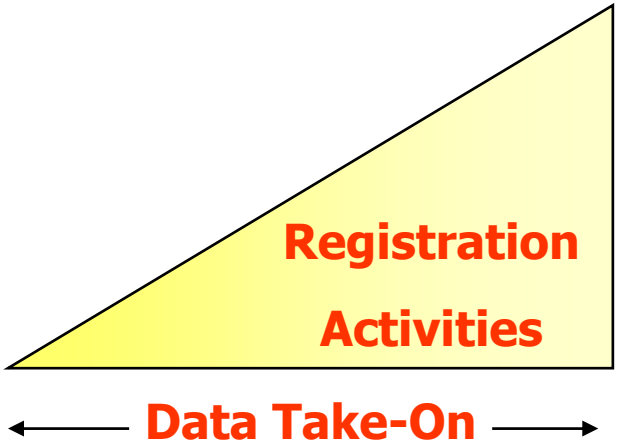
- Systems changes ordered
- Deliverables approved
  - Test and Assurance Strategy
  - Metering Dispensation Consultation – Final Report
  - Data Acquisition Strategy
  - Transition Approach & Plan
- Deliverables with Project Board for approval
  - Data Acquisition and Validation Plan
  - Market Trialling Plan
- To date delivered to time and cost

Testing & Trialling

- BETTA Project planning to carry out testing & trialling for BETTA
- 6 levels of testing
  - Level 1: Data Take-on – MTD
  - Level 2: Aggregation to VAU
  - Level 3: GSP Group Aggregation & Verification
  - Level 4: BSC Agent Testing Cut-over
  - Level 5: Integrated BSC Agent System E2E
  - Level 6: Parallel Running

High Level Activities





Testing & Trialling

Data Take-on

Level 1 Meter Technical Details (MTD)

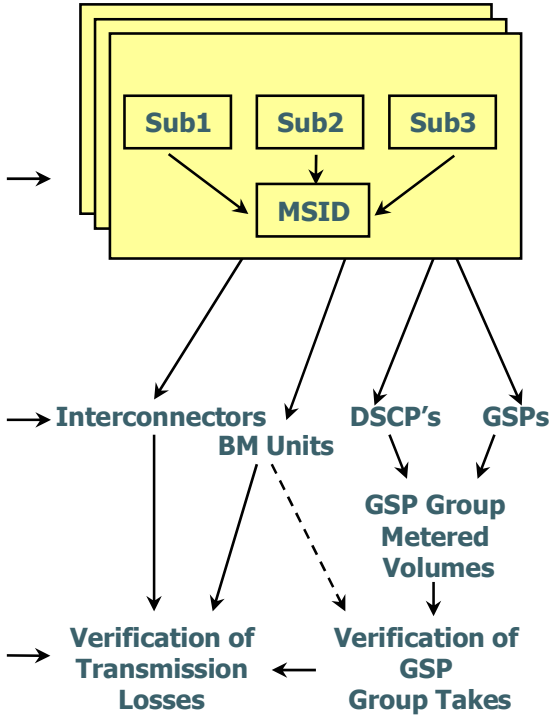
MTD and other Registration Data Submitted to CRA and CDCA → CRA and CDCA Validate & Input Data into Systems, Send Confirmation Report to Registrant & Complete a Proving Test → Validated MSID Available for 1st Level Testing & Trialling

Level 2 Aggregation to Volume Allocation Units (VAU)

Volume Allocation Unit Registration Data Submitted to CRA and CDCA → CRA and CDCA Validate & Input Data onto Systems, Send Confirmation Report to Registrant → Validated Volume Allocation Unit Available for 2nd Level Testing & Trialling

Level 3 GSP Group Aggregation & Verification of Transmission Losses

GSP Group Aggregation Rules Submitted to CRA and CDCA → CRA and CDCA Validate & Input Data onto Systems, Send Confirmation Report to Registrant → Validated GSP Grp Agg Rules Available for 3rd Level Testing & Trialling



Level 4 BSC Agents Testing Cut-over Arrangements

Cut-over Procedures Implemented By BSC Agents → Validated Integrated Data Available for Participant Verification

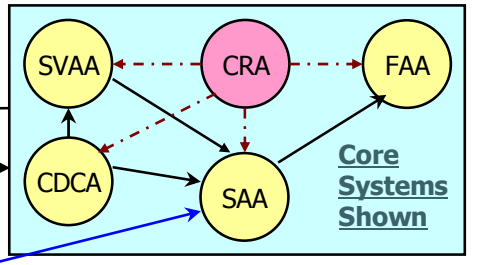
BSC Parties & Party Agents Verify Settlement Registration & Standing Data

SVA Cut-over | CVA Cut-over

Level 5 Integrated BSC Agent System End to End Testing

BSC Agents Complete Settlement Runs for Settlement Dates Pre and Post BETTA Go Live 'Cutover' Dates

Verification of Other Central Systems Outputs



Level 6 Parallel Running

Incorporating NGC Data and full CDCA Estimation and Fault Reporting in Parallel with Live.

NGC

Participation in Testing & Trialling

- Participants can make use of Participant Test Service (PTS)
- Participant Workshops to be held on:
  - 17th February 2004 (Scottish Power)
  - 18th February 2004 (SSE)
  - 19th February 2004 (in Scotland)
  - 24th February 2004 (at ELEXON)

BETTA & Smaller Generators

trading issues

SCOTTISH *renewables* **FORUM**

The Forum for Scotland's Renewable Energy Industry

BETTA & Smaller Generators - Trading

– introduction

- Scottish Renewables – our work
- BETTA – overriding principles
- Balancing & Settlement – by whom
- 132kV, transmission charging and balance
- Looking ahead to the grid we want
- Resolving Discrimination

Scottish Renewables

- A member association working since 1996
- Represent over 100 organisations involved in renewables
- Represent a mix of technologies and organisations
- A supporter of the principles of BETTA
- Concerned about details and delivery of BETTA

BETTA – overarching principles

- BETTA will:
  - Bring more competitive prices and greater choice to all electricity customers, particularly those in Scotland and the fuel poor
  - Mean that renewable and other generators, particularly in Scotland, will benefit from access to a wider British market

- There are concerns that provisions in the smaller generators consultation will frustrate

BETTA – overarching principles

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  - Bring more competitive prices and greater choice to all electricity customers, particularly those in Scotland and the fuel poor
  - Mean that renewable and other generators, particularly in Scotland, will benefit from access to a wider British market
- There are concerns that provisions in the smaller generators consultation will frustrate achievement of these objectives

BETTA – concerns

- Timescale
  - 8 months later than originally planned
  - Creates concern about issues being unresolved
- Ability to influence other work areas
  - CUSC, BSC and Grid Code at late stage of evolution
  - Legislation currently in Parliament
- Establishing of transition measures
  - Transitional arrangements must not be seen as an interim solution but as a stepping stone to

BETTA – concerns

- Discrimination
  - 132kV issue has potential to discriminate against Scottish Generators and proposed solution does not resolve issue
  - Full comparison needed with distribution systems in England-Wales
- Postage Stamp vs. Cost-Reflectivity
  - Need to balance change of market principles with the ability of market to deliver GB Energy Policy
- Looking forwards

BETTA – negative scenarios

- Threaten Security of Supply
  - High charges in Scotland would threaten conventional generation, leading to less generation and an unstable mix of generation types
- Threaten achievement of GB & Scottish Executive targets
  - Renewables targets will depend on a sizeable contribution from Scotland. There are also aspirations of island communities and of an

BETTA – transmission issues

- Balancing & Settlement
  - Need to be realistic about imposing conditions on smaller generators through the BSC
  - The growth in renewables in Scotland will see a rapid increase of number of developers connected to transmission in Scotland
  - This will make balancing & settlement more problematic
  - Should allow grid operators to take on responsibility

Maf Smith ~ Development Manager

Tel: 0141 249 6705

Email: maf@scottishrenewables.com

Web: www.scottishrenewables.com

Transmission issues and small generators

Colin Sausman
BETTA project, Ofgem

Framework

- Establish GB CUSC and GB Grid Code
  - Consultation based on England & Wales documents
  - Current position
  - Next steps – establishing GB agreements
- Establish GB charging methodology
  - Licence conditions consultation
  - Methodology consultation by GB system operator
  - Using England & Wales methodology as starting point
  - DTI consultation on renewables

Definition of transmission

- Proposal not to change current statutory definition based on function
- Defined in law and reflected in licences and price controls
- Wider issues re. growth in distributed generation outside scope of BETTA

Transmission charging

- Cost-reflective GB methodology
- Unwind existing cross-subsidies and differences in treatment
- Will result in changes
- Key issue in consultation responses
- Aggregate effect for Scottish generation?

Impact – additional costs

- Higher transmission network use of system charges in Scotland (based on NGC's initial consultation):
  - £2.48/kW to £11.28/kW in SP's area
  - £10.34/kW to £20.69/KW in SSE's area
- Total net effect of £92m for Scottish generation
- Equates to £9/kW
- Based on charges towards the top end of range published by NGC in addendum to initial consultation

Impact – reduction in costs (1)

- Balancing Services and losses
  - England & Wales generators pay BSUoS but earn revenue from provision of balancing services
  - Payment to Scottish generators implicit in calculation of Scottish wholesale price
  - Net benefit (adjusted for losses and allowing for firm access across interconnector) of approximately £10m for Scottish generation
- Connection charges
  - Vary on a site by site basis
  - Lower charges if based on 'plugs' proposal by NGC
  - Benefit of £25m for Scottish generation (£2.50/kW)

Impact – reduction in costs (2)

- Scotland-England Interconnector
- Charges to exit Scottish network
  - £5.77/kW plus £20.74/kW on upgrade capacity for SP's area
  - £10.15/kW plus £17.40/kW on upgrade capacity for SSE's area
- Charges for access to England & Wales network - £9.01/kW
- Total net effect of £62m

Impact – Total

Charge type:	Net impact on Scottish generation
▪TNUoS	- £92m
▪Balancing services & losses	+ £10m
▪Connection	+ £25m
▪Interconnector	+ £62m
TOTAL	+ £5m

Alternative generation charges

- Dampen locational element by 50%
- Keep all other assumptions the same
- Net benefit to Scottish generation of £52m
- Net cost to Scottish consumers of £35m
- Every £1 benefit to Scottish generation will cost Scottish customers 65p
- Ofgem's principal statutory duty is to protect customers
- Higher prices are key concern in context of Fuel Poverty

November proposals - charging

- Overarching principle of cost reflective charges
- Proposal to address specific difference in how costs are reflected in charges (and benefits) between transmission and distribution-connected small generators
- Interim discount related to 'residual' charge
- Recognition that this is not enduring solution
- But does in Ofgem/DTI's view represent a net reduction in market distortions

CUSC obligations

- Contractual interface between users and independent GB system operator – will require new agreements
- Obligations go along with connection to and use of the system
- Someone must be responsible for these obligations
- Existing arrangements in England and Wales enable responsibility to be transferred to a third party
- November document asked whether more needed to be done to facilitate this for small generators

Grid Code obligations

- Current obligations do vary by size in Scotland and in England and Wales
- Key is to ensure system integrity and maintain operating standards - BETTA must not dilute this
- Separate issue of whether additional obligations under GB Grid Code are burdensome
- Initial view that this is not the case – unavoidable costs are low, and scope to avoid certain costs
- November document invited views

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Promoting choice and value for all gas and electricity customers

Government Perspective

Maria Bazell
Head of Transmission/BETTA

Transmission Charging

- 18 August 2003 – Ofgem/DTI consultation paper on Transmission Charging
- 2 parts – second part DTI only
- Conclusion to Part 1 – 2 December 2003
- Conclusions to Part 2, April if not sooner.

BETTA Small Generators Seminar
5 February 2004

Role of GBSO

Charles Davies, Commercial Policy Director

National Grid Transco

ROLE OF GBSO

- Balancing of GB System
- Transmission System configuration
- Operational Planning
- Connection and Use of System Agreements with Generators, Suppliers and Distributors
- Connection and Use of System Offers
- GB CUSC and Grid Code
- Charging Principles
- Charges and Billing

OPERATIONAL ISSUES (1)

- GBSO to operate the system to meet SQSS
- CUSC and Grid Code obligations on generators
- All transmission connected generation
- Embedded generation depending on size and/or impact
- Similar issues in England and Wales
- Transmission definition has regional variation

OPERATIONAL ISSUES (2)

- 132kV is a transmission voltage in Scotland
- Consider impact of 30MW generator on transmission:
  - In E&W 30MW is circa 2% of typical 400 or 275kV circuit
  - In Scotland 30MW could be 25 % of a 132kV circuit
  - Similar increase in impact on voltage issues and short circuit levels
- GBSO needs data from and visibility of generation to ensure SQSS compliance

CONNECTION PROCESS (1)

- Application to GBSO
- Changeover to GBSO for Scottish Applicants may precede BETTA go live
- Precise date to be determined
- For the present Scottish Applicants should continue to apply to SPT and SHETL

CONNECTION PROCESS (2)

- From changeover (latest BETTA GO-LIVE) applications to GBSO
- GBSO work with TO
- TO will design scheme and cost it
- GBSO will prepare offer and pass to customer
- Discussions will be with GBSO and TO
- Agreement will be between GBSO and customer
- Charges payable to GBSO

CHARGES

- Connection Charges
- Transmission Use of System Charges
- Balancing Use of System Charges
- Consultation Document issued 16/12/03
- Initial thoughts only – based on application of England and Wales methodology for 2004/05
- Further consultations planned for April and for later in the year
- Proposals require Ofgem approval

CONNECTION CHARGES

- Shallow methodology - Plugs
- Generator charges are expected to be minimal
- Distribution/Directly connected consumers charges relating principally to transformers at GSPs

TRANSMISSION NETWORK USE OF SYSTEM CHARGES

- Addendum issued 27/01/04
- Initial consultation included indicative tariff for GB based on 2004/05 methodology
- Addendum included further sensitivities on some key parameters
- Licence requirement for charges to be cost reflective

INDICATIVE GENERATION TARIFF BASE CASE (ADDENDUM)

Zone No.	Zone Name	Zonal Tariff (£/kW)
1	Scottish & Southern	22.012510
2	Scottish Power	11.988124
3	North East	7.293680
4	North West	4.060333
5	Anglesey	4.933346
6	Dinorwig	8.322816
7	N Wales, Mersey & S Yorks	1.992865
8	Humberside & Aire Valley	3.568478
9	Midlands	0.179527
10	South Wales & Gloucs	-5.194506
11	Seabank	-3.749169
12	Oxon & Bucks	-1.750822
13	East Anglia	1.327517
14	NE London & Thames Estuary	-0.281634
15	Central & SW London	-7.358315
16	South Coast	-1.905980
17	Wessex	-6.415053
18	Peninsula	-8.945141

INDICATIVE DEMAND TARIFF BASE CASE (ADDENDUM)

Zone No.	Zone Name.	HH Zonal Tariff (£/kW)
1	Northern Scotland	-6.396015
2	Southern Scotland	1.321116
3	Northern	6.132870
4	North West	10.104934
5	Yorkshire	9.595007
6	N Wales & Mersey	10.101901
7	East Midlands	12.140617
8	Midlands	13.774707
9	Eastern	12.300699
10	South Wales	17.748842
11	South East	15.819976
12	London	17.971332
13	Southern	16.974010
14	South Western	19.367707

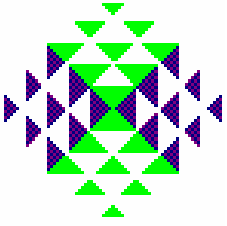
Transmission Issues

SP Transmission & Distribution

Robin MacLaren

Managing Director, SP Transmission Ltd

February 2004



BETTA

Supportive – working with Ofgem and other transmission licensees to deliver BETTA. BETTA must deliver:

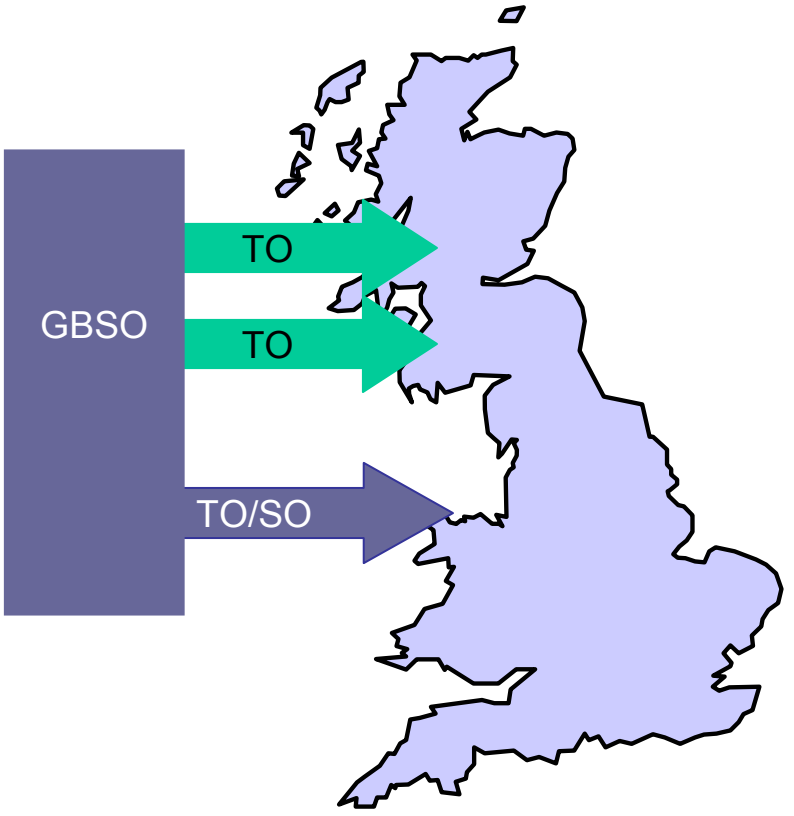
- An equitable GB market for our customers
- Be consistent with wider energy policy objectives, support renewables
- Deliver a sound electricity infrastructure for Scotland

Fundamental restructuring of transmission sector: we continue to own, plan, maintain and develop network; NGC responsible for system operation

Proposed Model

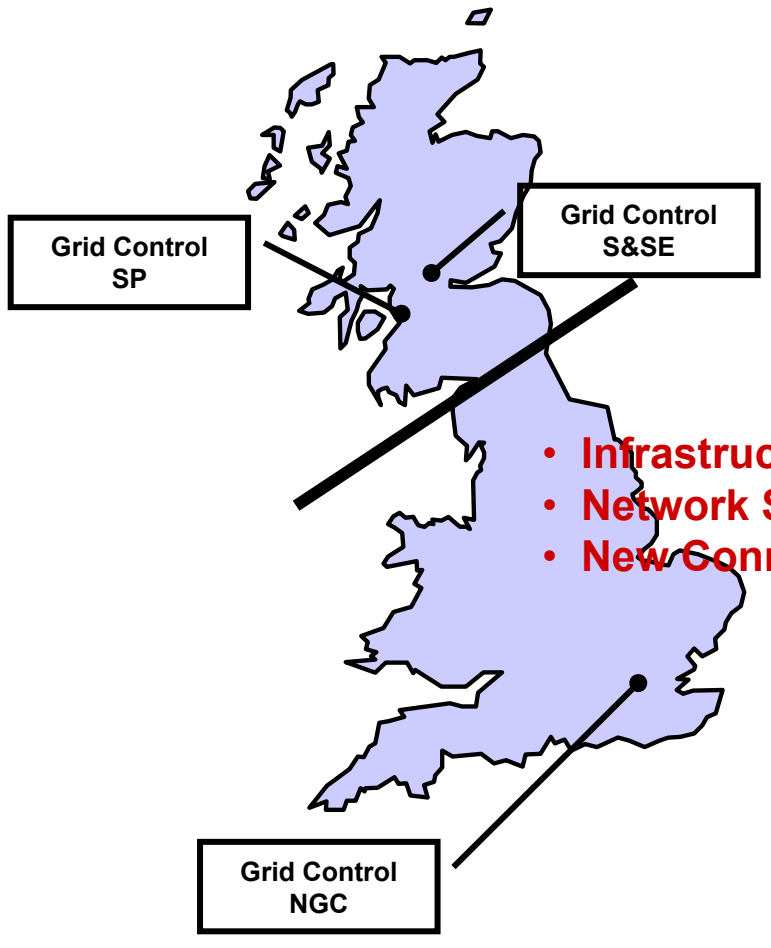
Integrated TSO in E&W

Two Scottish TO's & One GBSO



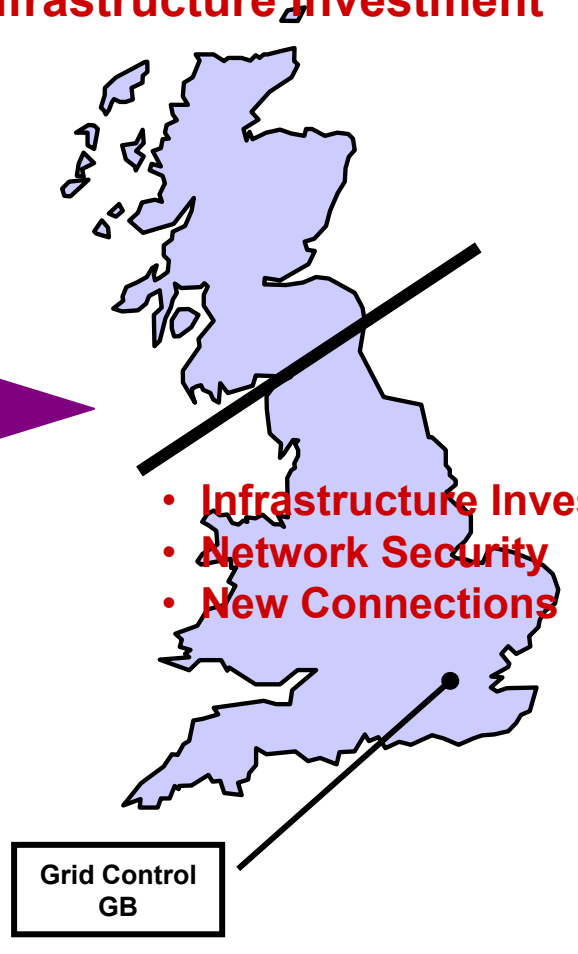
Changed Transmission Responsibilities

- Infrastructure Investment
- Network Security
- New Connections



- Infrastructure Investment
- Network Security
- New Connections

- Infrastructure Investment



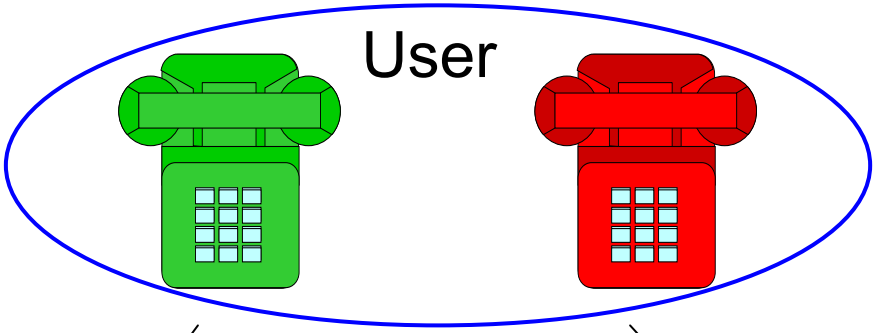
- Infrastructure Investmen
- Network Security
- New Connections

BETTA

Under BETTA SP Transmission will no longer be responsible for:

- Design of use of system charges; this becomes NGC's responsibility. NGC will bill and collect transmission use of system for GB
- Use of System and connection agreements will be the responsibility of NGC

Planned Switching



Liaison with User

Indicates time TO will take control

Switching Instructions

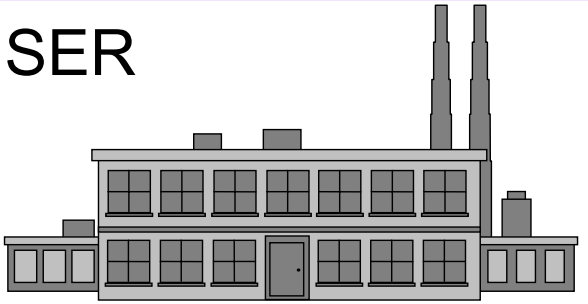
Switching

Safety Permitting

Releases control to TO

Outage Planning

USER



User Outage Request

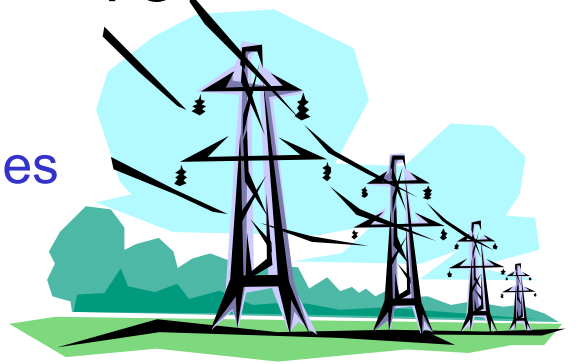
Publish System Outage Plan

Discuss mutual work

Execute outage

NGC

TO



Agree TO Outages

Plan & request TO Outages

Conclusion

- Main customer interface will be with NGC
- Existing contract arrangements terminate
- New contracts created with NGC
- Detail remains to be worked out for customers:-

  - Charging & Prices
  - 132kV Equality
  - Connections

Dave Densley

Regulation Manager

Scottish and Southern Energy plc

Overview

- July 2003 Seminar Conclusions
- Progress on key issues
- SSE's role going forward

July 2003 Seminar

- SSE Conclusions:
  - Further work required on:
    - Connection process and governance
    - Transmission pricing methodology
    - Level playing field for 132kV

SSE's Role Under BETTA

- Providing Transmission Services
  - investing in and maintaining infrastructure
  - design and cost new connections
- New Connections
  - Transmission connections costed by SSE, but quoted by NGC
  - Distribution connections costed and quoted by SSE

Key Outstanding Issues

- Transmission pricing
  - NGC indicative prices out for consultation
  - Some way to go before issues resolved
- Level playing field for 132kV
  - Trading options
  - Pricing / liability for charges

Embedded Benefit

Ofgem conclusion is £2/kW discount on TNUOS

Actual benefit under BETTA is shown below

Zone	Transmission Tariff	132kV tariff	Benefit
Scotland: North South	 £20.69 £11.28	 £18.69 £9.28	 £2 £2
North England	£8.03	(£6.22)	£14.25

Conclusions

- Resolution of pricing and 132kV issues is now urgent
- Risk of reduced renewable development in Scotland if not resolved

BETTA & Smaller Generators

transmission issues

SCOTTISH *renewables* **FORUM**

The Forum for Scotland's Renewable Energy Industry

BETTA & Smaller Generators - Transmission

– introduction

- Removing discrimination – 132kV
- CUSC obligations
- Cost-reflectivity vs. postage stamp
- Avoiding mirages – stick & stick vs. carrot & stick
- Delivering energy policy

BETTA & Smaller Generators - Transmission

–discrimination & 132kV

"A fair and equitable market requires that all participants are treated on the same basis...

Whether by regulation or amendment of the industry codes to exempt smaller generators from the burden of transmission charges, or by other means, an equality of treatment must be established among generators connected at 132kV."

Trade & Industry Select Committee 2003

BETTA & Smaller Generators - Transmission

– discrimination & 132kV

- Ofgem proposal of rebate to transmission charges in Scotland
- This accepts principle of removing discrimination but comparison incomplete
- Need to see full comparison with distribution charging in England & Wales to provide full picture of potential discrimination
- Rebates will not reassure developers or financiers

BETTA & Smaller Generators - Transmission

– CUSC obligations

- Smaller generators should be exempt from CUSC provisions
- Automatic signing over of liability to grid operator/supplier
- Creates level playing field
- Allows for more simple management of grid system by avoiding “too many cooks” scenario

BETTA & Smaller Generators - Transmission

– Postage stamp & cost-reflectivity

- Locational signals appropriate to encourage sensible connection
- Locational signals need to be
  - Proportionate
  - Equitable
  - Bankable
- Signals need to recognise wider Energy Policy agenda

BETTA & Smaller Generators - Transmission

– Appropriate cost-reflectivity

- To ensure that deliver effective grid management and connection without penalising operation in Scotland Scottish Renewables has proposed:

- Develop dual charge
  - Postage stamp main charge = GB average TUoS
  - Secondary charge to encourage locational response
  - Secondary charge to be set at +/- 100% of main charge

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Small generator issues under BETTA

David Halldearn
Director, BETTA project

Next steps

- Progress towards implementation
- GBSO negotiation of GB agreements with users
- Codes and documents approaching final versions from April
- Royal Assent by July leading to period of 'Go Active' where aspects of the arrangements begin to get switched on, e.g. entry processes
- 'Go Live' in April 2005 and GB wholesale trading begins

ofgem

Promoting choice and value for all gas and electricity customers