ofgem Promoting choice and value for all gas and electricity customers

Environmental Issues Working Group

15 September 2010

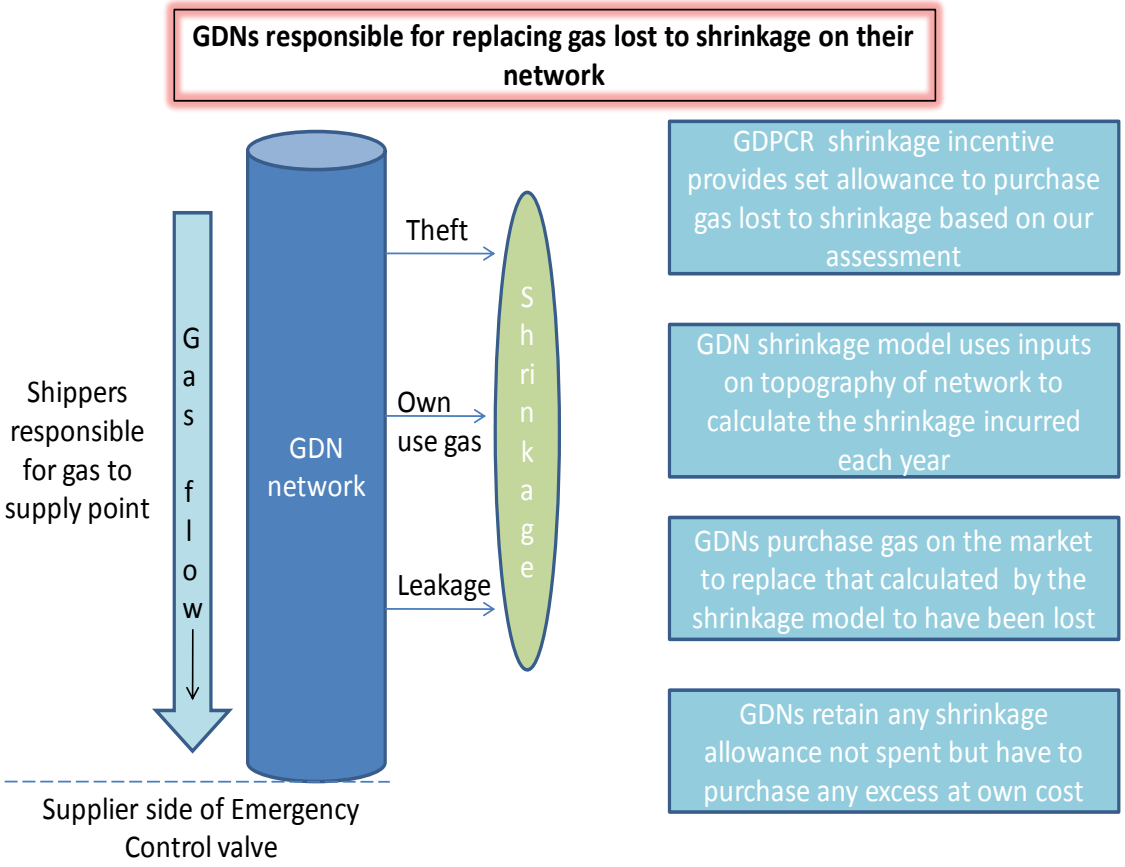
Agenda

- **Introductions**
- **Environmental outputs**
  - **Discussion of potential outputs identified at last meeting:**
    - **Shrinkage**
    - **Other narrow outputs**
- **Distributed gas**
  - **discussion of issues for GDPCR2**
- **Any other business**
- **Date of next meeting**

Primary outputs

NARROW OUTPUTS	*RIIO suggestions*	*potential categories*
Business carbon footprint including shrinkage	shrinkage	leakage
		theft
		own use
	business carbon footprint	
Other emissions	emissions to air	*smell?*
	emissions to water	discharge consents
		reportable incidents
	emissions to land	land remediation
	resource use	extraction of gravels
		landfill
	other - *noise?*	
Visual impacts		*redundant structures?*
Role in consumer energy efficiency	info provision?	may be opportunities with
	demand side contracts?	no - too linked to repex
BROAD OUTPUT		
Proportion of low carbon energy?	Would this cover reducing the carbon intensity? Or do	
Secondary Deliverables		
	distributed gas*	information provision
		connection charging
Adaptation to Climate Change	all working with DECC?	
Environmental Management Systems?	all GDNs have	

Shrinkage incentives



- Does the diagram represent a fair reflection of the incentive?

- What incentives exist to reduce theft and own use gas?

- What is the materiality of own of use gas? – could it be metered, is it predictable?

- Is the environmental emissions incentive working? Does it reward the same behaviour?

- What could be done to improve this system?

Performance against shrinkage incentive 2009/10

	Performance against shrinkage incentive 2009/10
All LDZs	Beat the incentive by **3-15%**
Average LDZ	Best the incentive by **8%**

Do these figures look reasonable?

What activities are GDNs engaging in to result in this performance against the incentive?

Are there lessons which have been learnt which can be rolled out across the network e.g.

- Automated pressure controls: Distributed Pressure reporting system

-Conditioning agents to act as 'joint swellants'

Unidentified Gas

What **proactive** activities do GDNs engage in to identify theft on

1) their network
2) on the supply side?

Do GDNs record all investigations of theft? Is an assessment of volume undertaken?

What role should GDNs be playing in the development of industry measures to reduce unidentified gas?

- Allocation of Unidentified Gas Expert (AUGE)
- The proposed National Revenue Protection Scheme

Could data provided by the AUGE be used to audit the leakage model?

Other narrow outputs

- Business carbon footprint *report and league table of improvement*
- Other emissions
  - emissions to air: smell?
  - emissions to water: discharge consents
    reportable incidents
  - emissions to land land remediation
  - resource use extraction of gravels
    landfill
  - Other noise?
- Visual impacts redundant structures?
- Role in consumer energy efficiency
  - info provision? may be opportunities with CO information

Materiality?

Common across GDNs?

How could these be measured /reported?

Any further thoughts on broad output?

Secondary Deliverables

Distributed Gas

- Does Distributed Gas benefit the network?
  - Shrinkage?
  - Security of supply?
  - Network reinforcement?
  - NTS capacity?
- Can any benefits be measured/estimated?

Distributed Gas

- What network issues are associated with distributed gas?
  - Access rights
  - CV shrinkage (UNC Working Group)
  - Gas Quality (DECC/HSE)
  - Odourisation
  - Pressure
  - Equipment Ownership
  - Metering and measurement (CV Liaison Group)
- What issues need to be addressed for GDPCR2 (i.e impact on business plans), and which can be addressed in parallel?

GDPCR2 Issues

- Connection policy allows 'Deep' connection charges for Distributed Gas
- Are there any reasons why this should change?
  - Will this deter entry or is there sufficient spare capacity on the network?
  - Are these costs material? Can they be estimated?
  - How will the RHI impact upon connection costs?
  - How does this differ to demand connections?
  - How would changing the boundary impact on GDPCR2?
- Are there alternatives? NGG proposal

Any other business?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