

DSWG Update: Other Ofgem Issues

The table below gives a brief overview of other developments that may have some relevance to demand side participants and demand side issues. Please contact us at phil.slarks@ofgem.gov.uk if you would like more detail on any of the below.

From Phil Slarks
 To DSWG
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Issue	Detail
Electricity Market Reform	<ul style="list-style-type: none"> The Energy Bill was published in November 2012, along with the government's Energy Security Strategy and Ofgem's statutory security of supply report. The bill includes provisions to introduce four key, new policies – a carbon price floor, an emissions performance standard, which will prevent the building of any new coal plants, contracts for difference to replace renewable obligations and the power for government to introduce a capacity mechanism. The Bill is currently going through the committee stage of the House of Commons. The Bill introduces powers to run the first capacity auction in 2014 for delivery in 2018/19, <u>if required</u>, but there is still no firm commitment to run an auction. One recent amendment to the Bill means that Electricity Demand Reduction can also participate in the mechanism, although it is not yet clear whether this will be included within the planned DSR pilot, which could run from 2014-2018 on a yearly basis. A final blueprint for the Capacity Mechanism design is expected to be published in March 2013. Further detail on all aspects of the Government's Electricity Market Reform can be found here: https://www.gov.uk/government/policies/maintaining-uk-energy-security--2/supporting-pages/electricity-market-reform.
Gas SCR	<ul style="list-style-type: none"> Our consultation on the proposed final decision for the Gas SCR closed on 24 October 2012 (responses available on the Ofgem website). Ofgem hosted a roundtable in December 2012 to discuss the way forward. In response to stakeholder feedback, Ofgem is considering the possibility of incorporating a DSR auction into cash-out arrangements as an alternative way of pricing the interruption of DM consumers into the cash-out mechanism, and we are keen to hear end-users' views on this. We are holding working groups to discuss key issues in auction design and options for incorporating a DSR auction into the cash-out arrangements. We are aiming for a decision by early Summer 2013.

<p>EFA calendar</p>	<ul style="list-style-type: none"> • The GB wholesale power market currently trades according to the Electricity Forward Agreement (EFA) calendar, which features a rolling calendar of variable month lengths (4 weeks, 4 weeks, 5 weeks on a repeating pattern, with a 6 week December every 5 or 6 years). This makes the different from the GB gas market and continental power markets, which trade on the Gregorian ('normal') calendar. • The Power Trading Committee of the Futures and Options Association are leading a project to move the GB wholesale power market from trading on the EFA calendar to the Gregorian calendar. They suggest that this will facilitate participation by non-physical players and ease trading between the power market and gas and European markets. These factors could boost liquidity in the GB power market. • While there is support for the calendar switch from many industry participants, there will be some costs in terms of changes to systems. • For more detail on the Power Trading Committee's Calendar Change Project, please contact clive@contango.co.uk. If there are any queries or concerns you would like to raise with Ofgem then please contact phil.slarks@ofgem.gov.uk.
<p>Consultation Forward Workplan</p>	<ul style="list-style-type: none"> • Ofgem's consultation forward plan has been published on the Ofgem website here: http://www.ofgem.gov.uk/CUSTOMPAGES/Pages/upcoming-consultations.aspx. • This provides details of forthcoming Ofgem consultations to enable you to identify consultations that are of interest to you and plan your engagement in Ofgem's work.