

## DSWG Update: Other Ofgem Issues

The table below gives a brief overview of other developments within Ofgem that may have some relevance to Demand Side Response. Please contact me at [phil.slarks@ofgem.gov.uk](mailto:phil.slarks@ofgem.gov.uk) if you would like more detail on any of the below.

From Phil Slarks  
To DSWG  
CC  
Date 20 April 2012

Issue	Detail
<b>Liquidity</b>	<ul style="list-style-type: none"> <li>On February 22, Ofgem published a consultation document on proposals to improve liquidity in the GB wholesale power market: <a href="http://www.ofgem.gov.uk/markets/retmkts/rmr/pages/liquidity.aspx">http://www.ofgem.gov.uk/markets/retmkts/rmr/pages/liquidity.aspx</a>.</li> <li>The consultation document states that we are continuing to develop our “Mandatory Auction” (MA) proposal. The MA could improve the availability of products that support hedging and help to generate robust reference prices.</li> <li>Following the consultation, we anticipate publishing a minded-to position, and if appropriate, our final proposals, in Summer 2012.</li> <li>The consultation closes on 8 May and Ofgem is keen to receive responses from stakeholders.</li> </ul>
<b>Cash-out</b>	<ul style="list-style-type: none"> <li>In November 2011, Ofgem consulted on whether to conduct a Significant Code Review (SCR) of the cash-out arrangements.</li> <li>Following consideration of the responses to this consultation, we published an open letter in March signalling our intention to launch an SCR in the Summer: <a href="http://www.ofgem.gov.uk/Markets/WhlMkts/CompanEff/CashoutRev/Documents1/electricity-cash-out-SCR.pdf">http://www.ofgem.gov.uk/Markets/WhlMkts/CompanEff/CashoutRev/Documents1/electricity-cash-out-SCR.pdf</a></li> <li>We are holding a stakeholder event on 30<sup>th</sup> April to discuss the SCR and its scope. Please contact <a href="mailto:gb.markets@ofgem.gov.uk">gb.markets@ofgem.gov.uk</a> if you would like to attend.</li> </ul>
<b>Renaissance</b>	<ul style="list-style-type: none"> <li>We published an open letter on March 28 on implementing the European Electricity Target Model in GB: <a href="http://www.ofgem.gov.uk/Europe/Documents1/EU%20Target%20Model%20open%20letter.pdf">http://www.ofgem.gov.uk/Europe/Documents1/EU%20Target%20Model%20open%20letter.pdf</a></li> <li>There will be a joint workshop on April 30 on the reform of electricity cash-out arrangements and implementing the European Electricity Target Model in GB. Anyone interested in attending should contact <a href="mailto:david.omom@ofgem.gov.uk">david.omom@ofgem.gov.uk</a></li> <li>As part of the open letter, we have requested responses to a series of questions we put forward by May 22.</li> </ul>

<b>Electricity Market Reform (EMR)</b>	<ul style="list-style-type: none"> <li>• DECC published the Technical Update in December 2012, which included the Government’s plans to legislate for a capacity mechanism in the form of a Capacity Market (a “market-wide” mechanism):</li> <li>• following the Technical Update, a number of further publications are expected soon: <ul style="list-style-type: none"> <li>• Update on the details of the FiT-CfD to support investment in renewable generation, including details of payment models, the price setting processes and key terms of the FiT-CfD.</li> <li>• the Primary Legislation that will underpin the EMR proposals</li> <li>• a detailed transition and implementation plan.</li> </ul> </li> </ul>
<b>Gas SCR</b>	<ul style="list-style-type: none"> <li>• The consultation on our Gas SCR Draft Policy Decision closed in January of this year. We received a high level of response with differing views from the wide range of stakeholders interested in the Gas SCR.</li> <li>• Given the importance of getting our proposals right and the large number of complex issues that may impact the incentives on market players GEMA agreed that there is merit in taking more time to consider these issues, including through further engagement with the industry.</li> <li>• We expect to publish our proposed final decision in the summer, and we will continue to work with the industry to develop the codes and licence changes required.</li> </ul>

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