

Sustainable Development News

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Open Letter: Planning for an integrated electricity transmission system

In March, we announced the creation of the Integrated Transmission Planning and Regulation (ITPR) project. It will consider how system planning could deliver the future integrated transmission system onshore, offshore and cross-border, and will review how relevant institutions and incentives may need to evolve to support this. [Link](#)

Final proposals published for the RIIO-T1 fast tracked companies

At the end of April we published the RIIO-Transmission (RIIO-T1) Final Proposals for the two fast tracked companies, SP Transmission Limited and Scottish Hydro Electric Transmission Limited. As part of the price controls, up to £7bn has been earmarked for Scotland's high voltage network, delivering much needed investment in new infrastructure to enable connections to more than 4.3GW of new generators and to replace ageing transmission assets. These controls will start from 1 April 2013 and run until 2021. [Link](#)

Ofgem takes next step towards new transmission charging structure

In May, we announced the next steps for a new transmission charging structure. The matter is now in the hands of industry specialists to develop changes to the current charging approach which will better reflect the costs placed on the system by all forms of generation, particularly renewable generators, which operate intermittently. The aim of the changes is to facilitate Britain's transition to a low carbon energy sector at the lowest cost to consumers. [Link](#)

Smart Grids Forum evaluation framework

'Smarter' grids, enabling more intelligent control and active management of the network, including demand side response, are hoped to help facilitate the transition to a low carbon economy at efficient cost. In April 2011, Ofgem and DECC established the Smart Grids Forum (SGF). The SGF developed an evaluation framework, assessing smart grid opportunities relative to 'conventional' network development techniques. Initial findings suggest that, in the period up to 2050, smart grid solutions are likely to provide benefit to GB customers over conventional investment strategies. [Link](#)

Offshore wind coordination could save up to £3.5BN

In March Ofgem and the Department for Energy and Climate Change (DECC) published a report showing how more coordination of offshore electricity transmission assets can be achieved, potentially reducing the cost of offshore connections by £0.5-3.5 billion. The report highlighted a number of barriers that may reduce opportunities for further coordination, and we launched a consultation on potential changes to address some of these key barriers. The consultation has since closed and we are considering stakeholder responses and further developing our proposals. [Link](#)

Energy Affordability: helping develop Ofgem's Vulnerable Consumers' Strategy

In March, Ofgem published a discussion paper outlining what we are doing towards addressing affordability concerns across Ofgem and seeking views on the development of a new Vulnerable Consumers' Strategy. We have asked stakeholders for their views on what should be the key factors or actions that we should consider incorporating in our Strategy, ie what we can do differently to help address affordability concerns and how we can help stakeholders with their contribution. To complement the consultation and assist with the development of our Strategy we hosted three roundtables in England, Scotland & Wales during May. We will review all stakeholders' views and aim to consult on our new strategy in September. [Link](#)

Customer complaints handling - research findings

We commissioned our most recent wave of research into consumer satisfaction in January 2012. There was a steady improvement in overall consumer satisfaction with the complaints-handling processes of the largest energy suppliers, but further action is required. Of those surveyed, two in five domestic customers expressed satisfaction with complaint-handling, compared to around one in four in 2010. Areas that cause most dissatisfaction are the speed of dealing with the complaint and the lack of contact details to discuss the complaint further. [Link](#)

Retail Market Review update and next steps

We continue to study the responses to our domestic and non-domestic proposal consultations. In recent months we have seen developments from a number of suppliers on tariff simplicity and better communications, evidence that our intervention is producing real change for consumers. However, we expect suppliers to do more in this regard. We consider that enforceable regulatory reform, backed-up by Ofgem's powers to impose financial penalties, is an essential component of improving consumer trust and engagement in the market. We aim to publish our updated proposals for consultation before the winter. [Link](#)

EDF Energy investment for vulnerable customers following Ofgem investigation

In March an Ofgem investigation found that EDF Energy had breached its marketing licence conditions, and EDF Energy offered

to pay a £4.5 million package to vulnerable consumers. Around £1 million of the package will be passed to the Energy Best Deal public awareness campaign, with the remainder being paid to customers at risk of fuel poverty, to directly benefit those that are most in need. [Link](#)

Tackling gas theft: the way forward

Gas theft increases customer costs (estimated by industry to be up to £6/gas customer/year) and can have serious safety consequences. Following consultation we have proposed regulatory changes to strengthen obligations on gas suppliers to detect, prevent and investigate theft; improve individual supplier incentives to detect theft; improve suppliers' ability to collectively assess the risk of theft; and improve the standards of investigations into suspected theft. We aim to introduce the new gas supply licence later this year, with other measures operational by 2013. [Link](#)

Annual reports

The Renewables Obligation annual report was published in March. In 2010-11 obligation levels were set at 11.1 ROCs/100MWh in England, Wales and Scotland (changing to 12.4 in 2011-12) and 4.27 ROCs/100MWh in Northern Ireland (changing to 5.5 in 2011-12). [Link](#)

The Community Energy Saving Programme annual report was published in May, reporting that schemes which had received formal approval were planned to deliver savings of 13.12 million (lifetime) tonnes CO₂, representing 68% of the overall CESP target. [Link](#)

The Carbon Emissions Reduction Target Quarter 16 update was published in June, reporting that suppliers had met 83% of the overall target of 293 Mt (lifetime) CO₂. The annual report will be published in August. [Link](#)

Upcoming publications

We have been continuing our work to ensure that liquidity in the GB power market is sufficient to underpin healthy and competitive supply and generation markets. We expect to publish a minded-to position on our liquidity proposals in the summer, followed by a final decision in the autumn. In addition, we will shortly be publishing SD Focus, our annual review of Ofgem's contribution to sustainable development. It will be available on the Sustainable Development Reporting page of our website. [Link](#)