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Dear Harpal Bansal,

**RenewableUK consultation response REF 174/11
PROMOTING SMARTER ENERGY MARKETS**

RenewableUK is the trade and professional body for the UK wind and marine renewables industries. Formed in 1978, and with over 660 corporate members, RenewableUK is the leading renewable energy trade association in the UK, representing the large majority of the UK's wind, wave, and tidal energy companies. The association's response aims to represent these industries to the best of our ability, aided by the expertise and knowledge of our members.

We welcome the opportunity to input into Ofgem's thinking on the promotion of smarter energy markets. We believe the fundamental proposition to be developed is as follows:

Electricity should be used when there is a lot of it available and it is clean; and used less when it is scarce or less clean.

This then feeds into the eight propositions detailed within Ofgem's paper. We would like to comment briefly on two of the propositions as follows:

Proposition 1: Time-of-use tariffs should help many consumers lower their energy costs, but improved engagement will be needed to help all consumers make informed choices.

RenewableUK agrees that there is a need to engage consumers in order to enable them to make informed choices. Indeed, we believe there is a need for a long-term consumer education campaign; it takes time for people to learn about and understand the linkages between the energy they use and the source of that energy. It would be a missed opportunity to wait until smart metering has been fully rolled out before building public understanding of the concept of time-of-use tariffs. There are already a variety of time-of-use tariffs available; affording the opportunity to explain how these have come about rather than just presenting tariff options.

The wind industry has spent many years engaging members of the public on several fronts. For instance: gaining community buy-in to renewable projects, securing planning permission, promoting “green tariffs,” and representing the renewables agenda in the media. There is a significant amount of negative campaigning in relation to wind energy, and often these campaigns exploit consumers’ lack of understanding of energy markets. The wind industry therefore has an interest in the general education of consumers in several respects, and RenewableUK would be pleased to play a role in a wider campaign.

Proposition 5: Settlement arrangements should use actual daily (gas) and half-hourly (electricity) meter reading data in order to improve their accuracy and efficiency.

Real-time metering, or as close to real-time as possible, is the only way to reflect the actual profile of consumption, and link it accurately with the generation profile. It allows rapid feedback, thereby affording opportunities for refining demand (and generation) to maximise economic efficiency. It is a key requirement for ensuring that the value of variable generation is properly reflected.

RenewableUK does not as yet have a view as to the point at which actual meter reading data should begin to be used in settlement arrangements. This will depend on the logistics of doing so in advance of full roll-out. We agree that the ideal scenario is the use of meter readings as soon as they become available.

We trust the above comments are helpful in guiding Ofgem’s thinking on the smart markets agenda, and look forward to closer collaboration in this area.

Yours sincerely,

Zoltan Zavody
Grid Policy Team