



Making a positive difference
for energy consumers

Gwneud gwahaniaeth gwirioneddol
i ddefnyddwyr ynni

All interested parties

Email: EMR_DR@ofgem.gov.uk

Date: 27 June 2014

Dear Colleague,

Consultation on the draft Electricity Market Reform dispute resolution guidance

We are consulting on the draft Electricity Market Reform (EMR) dispute resolution guidance (the DR guidance) which explains the process Ofgem intends to adopt when seeking to resolve disputes between National Grid Electricity Transmission plc (NGET) and participants in two new EMR mechanisms: the Capacity Market and Contracts for Difference.

The draft DR guidance is attached at Annex 1 to this consultation letter.

Under the EMR programme, we are responsible for resolving certain disputes between NGET, as the Delivery Body, and participants in the capacity market and contracts for difference mechanisms. The attached DR guidance sets out what decisions can be referred to us, how they must be submitted and our process for seeking to resolve them. **We would welcome your comments on the DR guidance by 5:00pm on Thursday 24 July 2014** to EMR_DR@ofgem.gov.uk

We are holding a stakeholder event between 10:30am and 12:00pm on Friday 11 July 2014 at our London office to discuss the DR guidance. If you would like to attend please email the above address. Please note that due to limited capacity, we request attendance is limited to one person per organisation.

Following this consultation, we will publish the final version of the DR guidance, along with a consultation response document in late August.

Electricity Market Reform (EMR)

The EMR programme is a government policy that seeks to incentivise investment in low-carbon electricity, improve the security of supply and improve affordability for consumers.

The Energy Act 2013 introduced a number of initiatives to support this, in particular two mechanisms:

- a Capacity Market to ensure that security of electricity supply is secured at the least cost to the consumer; and

The Office of Gas and Electricity Markets

9 Millbank London SW1P 3GE Tel 020 7901 7000 Fax 020 7901 7066 www.ofgem.gov.uk The Office of Gas and Electricity Markets

Cornerstone, 107 West Regent Street, Glasgow, G2 2BA Tel 0141 331 2678 www.ofgem.gov.uk The Office of Gas and Electricity Markets

1 Caspian Point, Caspian Way, Cardiff Bay CF10 4DQ/ 1 Pentir Caspian, Ffordd Caspian, Bae Caerdydd CF10 4DQ
Tel 029 2044 4042 www.ofgem.gov.uk

- Contracts for Difference to provide long term revenue stabilisation for new low carbon initiatives.

Ofgem role in resolving disputes

As the Delivery Body for EMR, NGET is responsible for making a number of decisions related to these mechanisms, such as whether an applicant has pre-qualified to take part in a capacity auction.

Some of the decisions NGET will take are "reviewable", in that the appellant can ask NGET to look again at the decision if it thinks it is wrong. Where NGET upholds its original decision, the appellant can ask us to reconsider NGET's decision and make a determination on the dispute.

The circumstances in which we can perform this dispute resolution role are defined in the Electricity Capacity Regulations 2014 and the Contracts for Difference (Allocation) Regulations 2014. These Regulations set out:

- the decisions NGET can be asked to reconsider and which we are able to review
- our role in resolving disputes
- the information that has to be included in any application for dispute resolution
- right of appeal to the Courts.

Our dispute resolution role is to decide whether NGET made a correct decision, based on the information NGET had before it at the time it made its decision.

Consultation on the guidance

We welcome views on any aspect of this DR guidance, in particular its structure and clarity. We particularly welcome views on whether the guidance accurately reflects the relevant statutory documents referenced in the guidance.

Next steps

We invite feedback on the draft DR guidance by 5.00pm on Friday 24 July 2014.

We will then review the DR guidance in light of responses received and expect to publish the final version in August 2014. Please note that unless marked confidential, responses will be published by placing them on our website. For further information on our role in EMR, please visit our website or email EMR_CMRules@ofgem.gov.uk.

Yours faithfully,

Emma Kelso
Associate Partner
Wholesale Markets