

RIO-T1: Ofgem consultation on draft decision on National Grid Transmission's application under the RIO-T1 compressor emissions uncertainty mechanism

Consultation Response

Energy UK is the trade association for the energy industry. We represent over 80 members comprising generators and gas and electricity suppliers of all kinds and sizes as well as other businesses operating in the energy industry. Together our members generate more than 90 per cent of the UK's total electricity output, supplying more than 26 million homes and investing more than £13 billion in the British economy in 2013

Energy UK welcomes the opportunity to provide comments to this draft decision consultation. Energy UK and several of its members were actively involved in the stakeholder events and responded to the consultations. We found these events to be very well run with National Grid taking on board the issues that were important to stakeholders, being very receptive to questions and providing good feedback to these, also being open minded to new options as they were suggested. The sessions provided background information on the legislation and were pitched at the right level for the audience. Assessment of the various options was undertaken in a qualitative way as cost information was not available or it was not appropriate to share this with the industry, the traffic light system was helpful in communicating this, although occasionally the materiality of the cost differences between options was difficult to judge.

We have reviewed the Poyry and Penspen reports and agree with many of the points made. In particular we agree that the future network flexibility requirements should have been an input into this process but it seemed that the timescale for the re-opener and the associated legislation did not allow that. We also agree that at least in principle that there could have been more quantification of the costs of options or alternative, including do nothing. An observation here is that any quantification of costs / value of network flexibility, cost of commercial options, costs / risks of constraints would involve many, many assumptions and there would be a risk of quantification leading to a false sense of precision in the numbers provided. Any such analysis should be open to stakeholder input and scrutiny, particularly with respect to the assumptions.

Energy UK was and is broadly supportive of NG's proposals whilst we accept that further costs and technical challenge provided by the consultants' reports is valuable in informing Ofgem's position we also consider that stakeholders' views should not be put aside at this time. In particular in relation to flexibility, resilience, and taking a holding position where appropriate given the forthcoming MCPD legislation. The potential cost of constraints and impacts on customers vs the cost of investment to avoid such constraints needs careful consideration.

Energy UK would be happy to discuss these points further, in the first instance please contact Julie Cox, details below.

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