

Orkney Renewable Energy
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OFGEM

OREF's OFGEM Forward Programme consultation response

Thank you for the opportunity to comment upon the 'Forward Work Programme'.

The Orkney Renewable Energy Forum was set up nearly 20 years ago to encourage the preferential use of renewables and to improve energy efficiency. As a membership organisation it represents energy generators, users, suppliers, the public sector and third sector.

Overall OREF believes there are elements in the plan which are helpful, such as the move to a two year planning cycle and the clear reference back to the 'core purposes'; however the document feels as though it is still heavily biased towards your original cost and security based objectives.

As an example your 'Key Priorities' 4 have a fairly limp statement; "*They also include the efficient and cost-effective delivery of renewable energy and social schemes which help reduce carbon emissions and fuel poverty, and improve energy efficiency.*" This statement smacks of a lack of ambition to drive down the UK's carbon emissions. Frankly if this is the articulation of a 'Key Priority' for you; the principal regulator of the industries responsible for a significant proportion of our greenhouse gas emissions; then it is unsurprising that we are making such slow and erratic progress.

The fact that this also appears as a separate item on Page 24 similarly points to OFGEM not having taken the need to move to renewables completely to heart. The fact that it is separate makes it look optional whereas it is critical to the decarbonisation mission.

[Making retail markets work for all.](#)

This section is highly cost focussed. Whilst this fits with OFGEM's philosophy of seeking to engage the consumer; it fails to recognise that there can be other advantages in consumers being engaged other than just cost. Several OREF

members have stated that they choose their electricity supplier based on 3 criteria: their carbon emissions, their price, their service. Their emissions are fundamental and members have switched on several occasions to move to a zero carbon supplier.

The premise that data will be used to disclose those stuck on a standard variable tariff (Pg 8) has limited use as it deals only with those who are over-paying. OREF would suggest that the data needs to be focussed on more than merely cost, but also should more readily disclose carbon performance.

It is also difficult, if not impossible, for communities to engage with OFGEM's data. As a community we may wish to tackle emissions or cost in concert. It is unclear if your data would enable that; indeed it is unclear if there is a means by which grouped data can be accessed other than by the incumbent supplier. As an example; OREF effectively engaged with SSEN and managed to get access to the overall power flows in the community. This has led to an elevated level of understanding of the community of its generation and use and such facts are now matters of common conversation. Access to data enabled this.

Overall your data structures need to be arranged to empower action rather than inaction; action which may be driven by more than merely cost. OREF's practical experience is that this is both possible and desirable. OREF notes the Energy Data Taskforce and it will be interesting to see the outputs of this group in this regard.

This also appears on Page 20 where there is reference to data on the disengaged. This needs to be much wider than just that group.

Enabling Future market system arrangements:

Carbon reduction is mentioned in bold in the introduction, but then seems to fade out. The section on enabling innovation mentions "*delivering direct consumer value and reducing system costs*", "... *Allocation of costs*", "*consumer protection*", "*systems security*", but nothing about carbon emissions!

In the final paragraph on Page 8 it limply mentions "*..keeping pace with market development*" as opposed to a more active verb such as "enable", or "drive". Is this good enough? OREF does not think so. We fear it shows OFGEM to be a passive regulator rather than one who is the agent of change we need.

Section B (Page 11) contains useful markers about enabling innovation to remove barriers. This is strongly supported. Quite how you will make sufficient space for innovators in markets crowded by incumbents remains unclear to me at present. OREF would urge you to consider how you will enable that space to be created and protected.

Section C (Page 13) mentions in the final para that there is a need to assess the potential conflicts between the new and the old structures/approaches. It would be useful to make sure that metrics have been developed to monitor the changes and

allow attention to be brought to bear on areas where change is being thwarted by inertia. It is not clear how you will report on such progress, or lack of it.

Reducing System Burdens:

As an overall comment OREF find it hard to reconcile the urgent need for decarbonisation action with the glacial progress made in some key activities by the incumbent suppliers. An OREF member pointed out that having been involved in the energy industry for over 15 years they are appalled at how long it is taking to get even the most basic data gathering systems (Smart Meters) in place. That was being discussed when they joined; they still cannot get a meter now.

Somehow this should be a black mark against your regulatory effectiveness. You should have been pushing the process, but in fact OREF feel you have barely been active. This has to change in the coming years if we are to decarbonise and remain within 1.5 degrees.

OREF also struggles to clearly see the signals that you as a regulator are giving of the penalties of failing to decarbonise. Indeed we cannot see a single one about decarbonising gas. Throughout this document there are vague references to improving environmental performance, but this is neither sufficiently clear, nor with any sense of priority.

Similarly the energy efficiency side of the industry seems to be largely forgotten about. You should be forcing the change to reduce the need for energy and the overall TWh needed by UK plc should be under un-remitting downward pressure by you the regulator. OREF sees little sign of this.

Network Preparedness:

OREF is concerned that the lack of storage of gas in the UK is not being addressed, and are unclear how much engagement OFGEM is having with the debate to decommission in the North Sea. There is a very real risk that existing infrastructure is removed in the North Sea that could provide cost effective gas storage unless a coherent view is taken. Is OFGEM active in this?

Overall we found the document clear, but uninspiring. If this is a clear indication of OFGEM's lack of ambition, then the document is useful in that it provides insight into what needs to change in OFGEM. It on the other-hand it has been rather passively drafted and masks the drive to decarbonise then OREF would urge it to be more aggressively written.

Orkney looks forward to a decarbonised energy future. We just wish OFGEM would be more aggressively active in word, deed or preferably both.

Yours sincerely,

Neil Kermode

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On behalf of OREF