

Energy UK response from Agreement and Recovery of 2017/2018

15th December 2017

About Energy UK

Energy UK is the trade association for the GB energy industry with a membership of over 80 suppliers, generators, and stakeholders with a business interest in the production and supply of electricity and gas for domestic and business consumers. Our membership encompasses the truly diverse nature of the UK's energy industry from established FTSE 100 companies' right through to new, growing suppliers and generators, which now make up over half of our membership.

Our members turn renewable energy sources as well as nuclear, gas and coal into electricity for over 26 million homes and every business in Britain. Over 619,000 people in every corner of the country rely on the sector for their jobs with many of our members providing lifelong employment as well as quality apprenticeships and training for those starting their careers. The energy industry adds £83bn to the British economy, equivalent to 5% of GDP, and pays over £6bn in tax annually to HMT.

Energy UK response

Energy UK values the opportunity to respond to the consultation that National Grid circulated in December¹.

We have several concerns with the process that has been taken to date with regards to the recovery of the 2017/18 Balancing Services Incentive Scheme (BSIS). This situation is all too similar to the recovery of the Income Adjusting Event² last year whereby costs that NGET had to recover were a shock to industry who had little sight of these costs. Similarly, Energy UK's members may not have been aware of the costs that were not being recovered since June, and will now have to recover expectantly. In terms of the process, Energy UK would like to note;

- The original circular announcing that no parties would be paying for BSIS until June 2017 was not circulated widely enough. It should have been on the agenda of various fora (for example the Operational Forum) and it should have been more widely circulated or communicated through trade associations.
- National Grid didn't start billing customers in June 2017 as originally stated, which again, was not widely published or circulated. As suggested above there are existing lines of communication that National Grid could have used to alert industry. We note that it was marked in the Monthly Balancing Services Summary, however we suggest that this was not highlighted as it should have been.
- Energy UK is also aware Ofgem may not have been aware that National Grid had not started charging industry as it said that it would in June 2017. Energy UK is supportive of as much transparency of costs as is possible.

Energy UK believes that given the increased costs, and unpredictability of balancing the system, we would support actions taken in future that will help to provide stability and consistency of costs to generators and suppliers. This includes having arrangements in place, and adhering to the methodology

¹ <https://www.nationalgrid.com/sites/default/files/documents/BSUoS%20Charging%20Circular%20-%20Recovery%20of%202017-18%20BSIS.pdf>

² <http://www.energy-uk.org.uk/publication.html?task=file.download&id=5855>



The voice of the energy industry

to recover the costs of BSIS. If there is a deviation, for any reason that is within the CUSC, then this should be highlighted to industry so that customers know a different approach is being taken.

If you have any questions please contact me at kate.dooley@energy-uk.org.uk or 0207 747 2942.

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