



UCC newsletter

utility consumers consortium
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Realistic government energy review

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After the 2003 Energy White Paper which optimistically placed reliance on renewable generation, supplemented by unspecified improvements in energy efficiency, the Energy Review Report published on 11th July provided a much clearer focus.

The process had been interesting, with politicians, from the Prime Minister down, spinning various conclusions in advance, so there were no major surprises. Nevertheless, in its breadth and depth and in its approach of firm strategic conclusions with more detailed aspects still to be studied – a further White Paper is expected by end 2006 and policy will continue to evolve long after that – the authors are to be congratulated on one of the best pieces of policy presentation in this fraught area. Four key items in the Review are summarised below:

New nuclear

The most widely leaked conclusion in relation to nuclear power was confirmed – that new nuclear is to be privately funded, with full contributions to decommissioning and dealing with radioactive waste. With electricity prices breaking all previous

barriers, customers would expect no less. Improved (i.e. quicker) planning procedures – as yet not spelt out – are to be introduced, to cover nuclear power, the vital area of gas storage and other generation projects. On nuclear waste, the Committee on Radioactive Waste Management will report later this month – the UCC has long argued that a new build programme requires, for both political and ethical reasons, a clear solution on the storage of waste after so many decades of inactivity.

Energy Efficiency

While the Press has concentrated on the abolition of standby buttons on TV sets, the Government is looking for improvements across a range of appliances; we are also reminded of their initiatives on smart metering to improve customer information and a lifting of standards for

new housing. The new initiative will be to place a responsibility on energy suppliers to improve energy efficiency. As with so much, the devil will be in the detail.

The value of Carbon

Given the inconsistent approaches to the EU Emissions Trading Scheme taken by EU Governments in the period up to 2012, with most other countries giving generous emissions allowances, which devalue carbon in the short term (and thank goodness for that at present, say customers!), the objective of significantly tighter limits post 2012 looks challenging.

Transport

For completeness, transport merits a mention, with plans to introduce the sector, both road and air, to the EU Emissions Trading Scheme. If energy is difficult in the EU, air transport looks next to impossible.

Sustainable energy bill becomes law

The Climate Change and Sustainable Energy bill became law when it received Royal Assent on Wednesday 21 June. The Act was introduced as a private member's bill by Labour backbencher, Mark Lazarowicz and provides a boost to the micro-generation industry. It is intended to facilitate consumer-based production of

sustainable energy and contains a carbon emissions reduction obligation, which allows energy suppliers to use emissions reductions from micro-generation and other low emission technologies, e.g. smart metering, to meet their emissions targets. It replaces the current energy efficiency commitment.

7 challenges for future of EU ETS

The Carbon Trust believes allowance allocation, pricing, cost competitiveness and incentives are all fundamental to the EU Emission Trading Scheme's (ETS) future development. It sets out a series of remedies including free allocations below business-as-usual and benchmarking for established generators. The

June report details the seven challenges for phase 2 of the scheme – 2008 to 2012 – to be met to ensure that the EU ETS provides an effective, efficient framework that protects the competitiveness of UK and European business, while providing clear and stable incentives to support low carbon investment.

Ofgem makes initial 2007-12 gas and electricity transmission price control proposals

Ofgem has told Britain's gas and electricity transmission companies they can invest rather less than they would like on expanding and maintaining their networks over the next five years. Whilst Ofgem's £4.25bn-£5bn range is more than double the amount spent over the past five years, it is far less than the £6.7bn National Grid Gas, National Grid Electricity, Scottish Power and Scottish Hydro, had said they needed to spend.

Negotiation

A negotiation process lies ahead as Alastair Buchanan, Ofgem's Chief Executive, defended the regulator's decision not to allow companies to raise their charges as much as they wanted, saying it was important that companies were efficient and only spent money on necessary projects.

Ofgem said that the companies would be allowed to spend £4.25bn between 2007 and 2012 to connect up renewable energy and new gas import projects to their networks, with the possibility of a further £750m of investment being allowed.

Interest rate adjustment

The regulator has proposed a reduction in the return allowed on the investment from 4.4% to 4.2% because of lower real interest rates. The proposals also address the need for companies to replace infrastructure, particularly electricity network equipment, so that current high levels of reliability can be maintained.

Operating costs

Ofgem also recommended that the companies should cut their

operating costs by 1% to 1.5% a year. It added that the impact on domestic customer bills would be minimal as transmission charges account for only 2-3% of household energy bills.

Challenges

Commenting on the proposals, Buchanan said that "Britain's energy networks face huge challenges over the next five years to respond to changes in the sources of our gas and power."

Consultation

The consultation process for the price control review will be completed at the end of this year, after Ofgem's draft proposals are issued in September and final proposals published in November. The finalised controls will then take effect from April 2007.

Liberalisation of EU energy markets less important than global trends

Ofgem chief executive, Alastair Buchanan, said the liberalisation of European energy markets is less important for UK security of supply issues than global trends.

Speaking at the Utility Regulation Seminar in London on Tuesday 13 June, Buchanan spoke of the 80bcm of gas capacity expected to come on-stream in the UK over the next two years, saying half will come from LNG, while 21bcm will come from Norway.

He added in the medium term, liberalisation of EU gas markets would "not be so important to the future of UK security of supply."

Langage gets the go ahead from Centrica

In mid June the first major power station investment for five years was confirmed by Centrica. It said it is to proceed with construction of an 885MW CCGT at Langage near Plymouth. The plant should be operational by winter 2008-09 and will be capable of providing around 11% of British Gas peak residential electricity demand.

Looking forward to \$40 oil

Current high energy prices have less to do with supply than with geopolitics, according to BP's Chief Executive Lord Browne introducing the company's annual statistical review. He told Germany's *Der Spiegel* magazine that it was "hardly foreseeable that prices will fall so strongly in the short term, but it's very probable that they will average \$40 in the medium term..."

Business is wasting £570m a year

Business will waste £570m this summer by poor energy efficiency, according to the Carbon Trust. It is estimated across manufacturing that £1.8bn is spent on energy and 12% of the total is wasted during the summer. The problem is worse in the service sector where 19% of £1.8bn is wasted during the same period.

Gas customers' roles in a gas supply emergency

When a Gas Supply Emergency occurs, insufficient supplies could result in a loss of pressure in the network and therefore require prompt action to prevent a dangerous situation developing. According to National Grid Distribution Business, the role of the Industrial and Commercial (I&C) gas customer is vital to help the industry.

What is the process?

Firstly, interruption of interruptible customers is invoked at the same time as the supply side is maximised, e.g. using gas from storage. The next stage of the emergency is firm load shedding, firstly interconnectors, then Very Large Daily Metered sites (VLDMCs), and next firm customers > 25,000 TPA (732,000 Kwh).

At this stage cooperation of the I&C market is key to managing the emergency and minimising the risk of domestic load shedding (by public appeal) and physical isolation of parts of the system.

Quality of site contact information

The ability to firm load shed this portion of the I&C market is dependent on the quality of the site contact information provided by customers to their gas supplier. When these details have been tested in recent National exercises, undertaken in realistic circumstances, they delivered a disappointing success rate of just 31% in making contact with businesses. Even when contact has been made it has not always been with the right person who has the ability and authority to stop the site using gas.

To try and understand why the response rate was so poor, National Grid undertook a further exercise in early 2006 targeting the top 1000 sites across its distribution networks in the North West, West Midlands, East of England and North London to test the contacts and classify the failure types by reason. In this further exercise only 50% of sites were able to stop using gas and 22% were not contactable at all.

Clearly more can be done to ensure the contact data is up to date, and it is the responsibility of I&C customers to ensure that they have up-to-date contact information and that the contacts are people with the authority and the ability to stop the site taking gas.

It's important to provide up-to-date contact information:

- The Gas Safety (Management) Regulations 1996 allow network operators to issue instructions to stop using gas and non-compliance with such an instruction is a criminal offence.
- The sooner large sites shed load the sooner the emergency can be brought under control and supply restored to all.
- When contact is made shutdown programmes can be agreed and it may be possible to agree partial interruption .
- Without contact details a site may be turned off at very short notice, and/or be physically isolated from the system.
- If not enough I&C load is shed then it is likely that large parts of the system will be isolated to manage demand and thereby cause significant delays in getting all sites back on gas.
- If details are not known, they can't be informed when the emergency is over, leading to delays getting them back on gas.

Steps that you can take:

- Ideally provide a single 24 hour contact number or, a daytime and out-of-hours number to your supplier. Ensure the person to be contacted is aware of the responsibility and has the authority to carry out the request. Keep your supplier up-to-date of any changes.
- Factor shut down plans into your business continuity plans e.g. ceasing to take gas does not necessarily mean shutting the site off at the meter, if appliances are isolated internal pipework can remain pressurised negating the need for it to be retested and re-commissioned when supplies are restored.

A major gas emergency, whilst unlikely, could have a far reaching impact unless prompt action is taken and it is up to all within the industry to do their bit. It is essential that I&C sites >25,000 TPA provide up-to-date contact information to your gas supplier.

UCC 2006 meeting dates

27 September

Energy Meeting
Location to be decided

28 November

Energy Meeting
Chamber of Shipping, London

UCC has new contact details

PO Box 140, Ludlow SY8 9AP

t: 08452 701143

f: 01584 891628

e: enquiries@ucceurope.com

i: www.ucceurope.com

sme update – mobile phones

New technology means new deals lower costs and more comprehensive facilities for business to business communication as well as normal residential usage. In conjunction with Talk Time Telecom UCC have studied the market and offer the following information

3G technology offers much more but what exactly is it? 3G is a short term for third-generation wireless, and refers to developments in personal and business wireless technology, especially mobile communications.

The third generation, as its name suggests, follows the first generation (1G) and second generation (2G) in wireless communications. The 1G period began in the late 1970s and lasted through the 1980s. These systems featured the first true mobile phone systems, known at first as "cellular mobile radio telephone." The networks used analogue voice signaling, and were little more sophisticated than used by amateur radio operators.

The 2G phase began in the 1990s, and much of this technology is still in use. The 2G cell phone features digital voice encoding. Examples include CDMA, TDMA, and GSM. Since its inception, 2G technology has steadily improved, with increased bandwidth, packet routing, and the introduction of multimedia.

Ultimately, 3G includes capabilities and features such as:

- Enhanced multimedia (voice, data, video, and remote control)
- Usability on all popular modes (cellular telephone, e-mail, paging, fax, videoconferencing, and Web browsing)
- Broad bandwidth and high speed (upwards of 2 Mbps)

- Routing flexibility (repeater, satellite, LAN)
- Operation at approximately 2 GHz transmit and receive frequencies
- Roaming capability throughout Europe, Japan, and North America

Typical costs for a 3G tariff in conjunction with UCC: 1200 cross network, anytime minutes, 800 text messages, 50 video calling minutes and £5 of downloads per month with free phone and connection – all for only £22.50 p/m. (UCC have agreed a favourable rate for members)

Are you concerned about making the wrong mobile phone purchase?

Are you on the right tariff? (80% of mobile users are not)

Do you understand what 3G phones are? And what they can do for you.

Are you confused by mobile phone jargon? Would you like to reduce your monthly phone bills?

IF YOU HAVE ANSWERED YES, TO ANY OF THE QUESTIONS ABOVE, CALL THE NUMBER BELOW FOR FREE INDEPENDENT ADVICE ON ANY MOBILE PHONE RELATED QUESTIONS YOU MAY HAVE.

We can advise on:

- All tariffs on all networks. What would be best suited to you
- Bill Analysis and advice
- Technical queries
- Phone set up advice
- 3G benefits
- Transferring your existing number
- Mobile phone crime prevention
- Data transferral between phones
- Any other Mobile phone related question you may have

As well as free independent advice, we also supply mobile phones on all networks at competitive prices.



for more information contact:

UCC on 0845 2701143 or contact Dean or Neil at TalkTime Telecom Limited 4 Church Road, Gatwick, Surrey. RH6 7EX 01293 823123