FiTs Team
Office of Renewable Energy Deployment
Department of Energy and Climate Change
4th Floor, Area A
3-8 Whitehall Place
London
SW1A 2AW

26 April 2012

Dear FiTs Team

Feed-in Tariffs Scheme; Consultation on Comprehensive Review Phase 2B: Tariffs for non-PV technologies and scheme administration issues

ELEXON welcomes the opportunity to respond to this consultation. Whilst some aspects of the consultation fall outside the scope of the BSC, there are some areas where we have insight and experience that we believe is useful to the consultation. In particular, there are existing processes currently undertaken by ELEXON under the BSC arrangements that we feel could be adapted to provide solutions to some of the scenarios described in your consultation document.

For example, ELEXON's existing Load Profiling arrangements could be extended to include microgeneration sites, thereby providing what we believe would be a cost-effective and easily implementable solution enabling the central collection of FiT data.

In addition, we agree with your assertion that the existing mutualisation arrangements for the Warm Home Discount scheme could be used as the basis for a similar mechanism under the FiT arrangements. Again, we believe that by adapting an existing solution to suit the requirements of the FiT scheme, the industry, and ultimately the consumer, would benefit from a low risk, cost effective and easily implemented solution.

I would be delighted to discuss these, and any associated issues, issues in more detail. Please do not hesitate to contact David Osborne on 0207 380 4199 or by email (david.osborne@elexon.co.uk) if we can provide any additional assistance.

Yours sincerely

Mark Bygraves
Director of Strategy and Development

List of enclosures

Attachment A: Comprehensive Review Phase 2B: Consultation on Tariffs for non-PV technologies and scheme administration issues – Consultation Response

Q54. Should individual installation data be collected centrally, and what do you think the most cost-effective way of doing this would be?

Yes/No: **Yes**

Comments:

It is ELEXON's view that individual installation data should be collected centrally. Central collection of individual installation data would not only allow more accurate and granular assessment of the performance of the scheme (and consequential calculation of load factors by technology type and region); it would also enable additional monitoring and assurance of the scheme. For example, accurate measurements that include details of generation on a half hourly basis would indicate exactly when generation is occurring, allowing far greater assurance against fraud.

It is ELEXON's view that there are possible 3 methods that could be developed to facilitate central collection of data. These are detailed below:

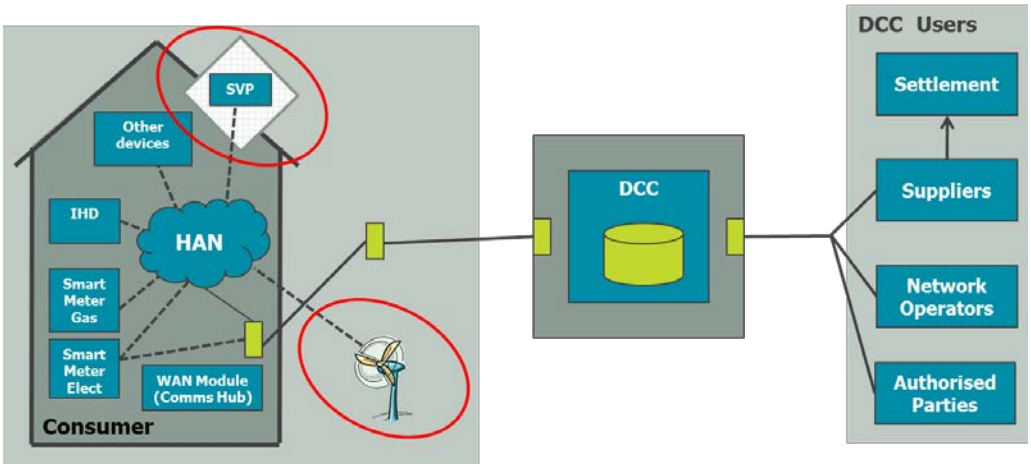
1. Provision of data via FiT licensees

As suggested in your consultation document, individual installation data could be collected via FiT licensees passing on the generation meter readings provided by FiT generators, together with the export meter readings, where an export meter is fitted. This approach would provide greater granularity of data than is currently recorded, but would still be limited in its use due to the fact that, in many cases much of the generation data will be obtained from a non-half hourly meter and provide a "meter advance" reading only rather than half hourly (HH) data. This is because not all installations have a half hourly capable meter fitted to the generator and not all premises have a meter that is capable of recording both import and export data; this is the reason why the export tariff payment is based on "deemed" generation.

2. Smart tie-in

Under the government's Smart Meter Implementation Programme (SMIP), 30 million homes and small businesses will have smart meters installed by 2019. Tying the FiT scheme in with the SMIP could provide an ideal opportunity to access improved FiT data by taking advantage of smart technology.

If all FiT installations were fitted with a half hourly capable meter, this device would interface to the premises' smart meter, which in turn would be capable of submitting the half hourly generation data from the FiT installation centrally via the Data and Communications Company (DCC). This would require FiT installers to be mandated to install HH capable meters with all FIT installations. There would also be a need to ensure that the smart metering specifications included a requirement for smart meters to be capable of communicating with FiT installations. The Smart Metering Equipment Technical Specifications (SMETS) 1, does make mention to a "Microgeneration Meter" (see para 7.1.1.53 of the SMETS) however, the specification for that meter is not currently defined. Furthermore, the User Gateway Catalogue currently makes no provision for the retrieval of generation data.

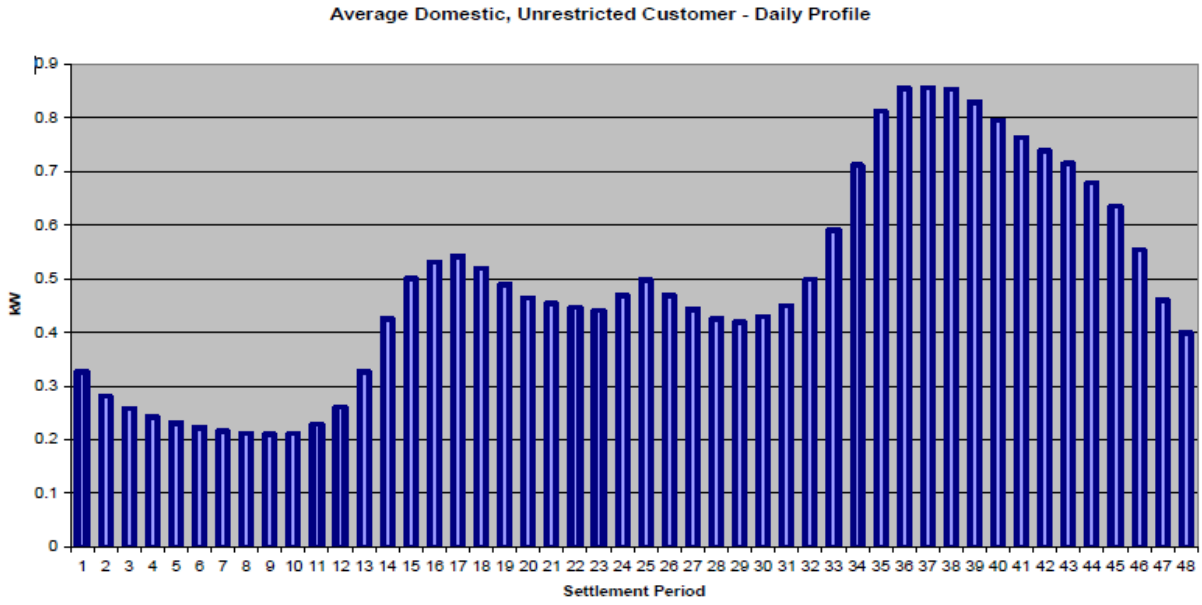


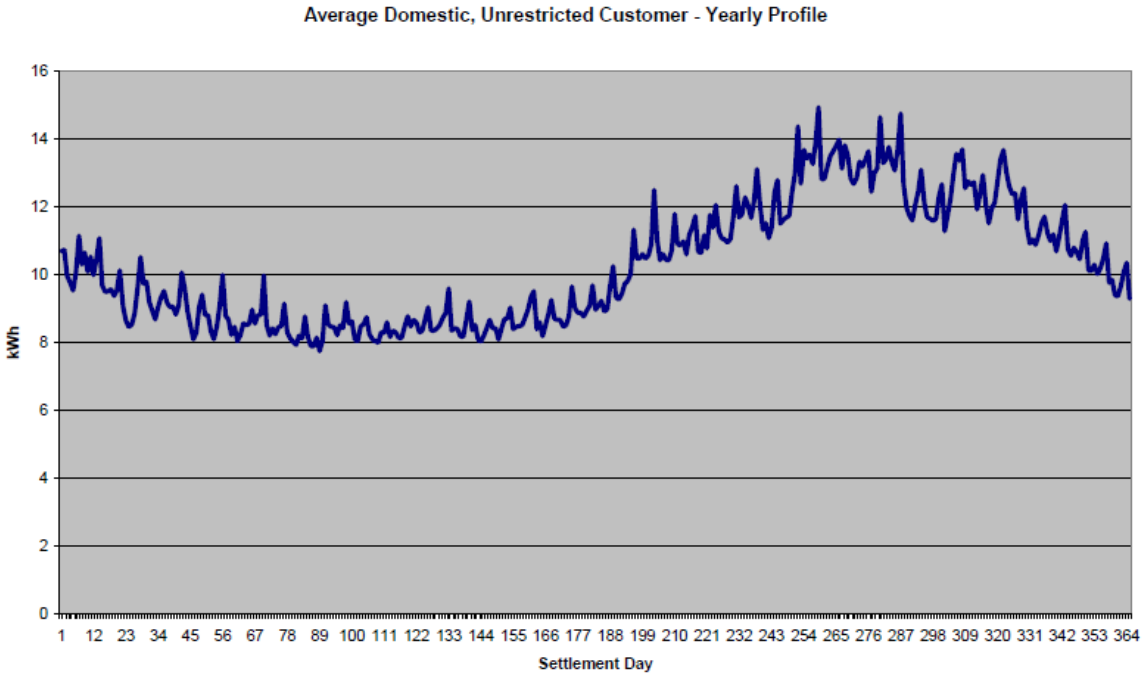
As illustrated, generation data would be submitted centrally via data sent from the property's smart meter to the DCC. An obvious drawback to this approach is that a full set of FIT data would not be available until completion of the mass roll out of smart meters.

3. Load profiling

ELEXON provides a Load Profiling service that enables half hourly (HH) consumption data to be accurately derived from non half hourly recorded data. This, in turn, facilitates HH electricity settlement without the need to install HH metering for every supply customer. Customers with a maximum demand below 100 kW are settled using Load Profiles, in conjunction with readings from their existing non half hourly electricity meters.

Under this service, a Load Profile represents the pattern of electricity by day and by year for the average customer in one of 8 Profile Classes. The Load Profiles for each of these Profile Classes is created by installing half hourly meters at a statistically significant number of randomly selected sites. This data is seen as representative of all meters in this profile class. For example, the charts below depict a typical daily and yearly pattern of demand for the average domestic unrestricted customer:





It is ELEXON's view that a similar methodology could be applied to microgeneration sites as a way of centrally collecting data for the entire population of installations. The profiling service managed by ELEXON could be extended to include a sample of microgeneration sites to allow Load Profiles to be created for FIT installations by technology and geographic location. This method would provide data of far greater granularity, enabling DECC to carry out more detailed evaluation of the scheme, without the need for (and expense of) additional HH meters being fitted to the entire population of microgeneration plant.

ELEXON would welcome the opportunity to discuss all of these solutions with DECC in more detail.

Q55. Do you support the establishment of provisions equivalent to the supplier of last resort arrangements for FITs payments?

Yes/No: **Yes**

Comments:

ELEXON's view is that it is fair that provisions equivalent to the supplier of last resort arrangements should be established for FITs payments. The benefits to both licensees and generators in terms of certainty over FITs payments indicate that there would be a benefit to adapting the FIT arrangements to include 'supplier of last resort' type provisions.

Q56. Do you support the mutualisation of shortfalls within the FiTs levelisation arrangements among licensees?

Yes/No: **Yes**

Comments:

As noted in the consultation document, there are mechanisms in place (e.g. the Warm Home Discount mechanisms) that could be adapted and applied to the FiT arrangements, providing a low risk solution that would be easy and cost effective to implement.

The Warm Home Discount regulations include a mutualisation mechanism which is applied if one or more electricity suppliers within the scheme fail to make the whole or part of a reconciliation payment by its due date. In this instance, processes are in place under which ELEXON would apportion the total of any unpaid amounts between all the electricity suppliers in the scheme (not including the defaulting suppliers) in proportion to their market shares. Notice would then be given to each of those suppliers, informing them of the need to make a payment equal to their apportioned sum.

ELEXON already holds certain data (e.g. energy volumes, Metering System counts) that could be used to derive supplier market shares in support of this type of mechanism, and an existing mutualisation process that could be adapted and applied to FITs. ELEXON would be delighted to talk to DECC in more detail about how the existing warm home discount reconciliation and mutualisation mechanism and how it could be applied to the FiTs scheme.