ELEXON RESPONSE TO THE DECC CONSULTATION ON A REVIEW OF THE FEED-IN TARIFF SCHEME

This response was drafted in this unusual format as DECC required responses into an online form.

1. What is your name?

Kevin Spencer (Market Advisor at ELEXON Ltd.)

2. What is your email address?

Kevin.spencer@elexon.co.uk

3. What is your organisation?

ELEXON Limited.

4. Response to consultation question 17 (20 in online Survey)

20 Given our intention to move to fully metered exports for all generators, do you agree with the proposal that new and existing generators should be obliged to accept the offer of a smart meter (or advanced meter) when it is made by their supplier? Please provide reasoning for your response. Is the information of the Annual Work Programme 2016 detailed enough?

Agree

Disagree

Don't Know

Comments

ELEXON believes that not only all micro-generation export should be metered, but that it should also be required to be registered for electricity balancing and settlement purposes. Currently export energy from micro-generation does not have to be metered or settled. Our current estimates (based on the meters that are defined as 'deemed' export on the FiTs register) are that between 0.8-1.0 TWh of energy is being spilt onto the distribution networks annually. The settlement processes allocate this spill across all electricity Suppliers, according to the proportion of energy consumed by each Supplier within a distribution region. This allocation is undertaken through a process known as Grid Supply Point (GSP) Group Correction. This is not an accurate allocation of energy and could be considered a cross-subsidy. This is because it does not allocate energy to the FiTs Supplier in proportion to the energy paid for under the subsidy. For example, we have seen this affect most prominent in the South West of the country due to large amounts of photo voltaic generation (reported in our monthly market reports, https://www.elexon.co.uk/reference/technical-operations/trading-operations-report/)

The GSP group correction issue also causes impacts on Suppliers in forecasting their energy purchasing. Suppliers have to estimate the degree of change, to their allocation, driven by the export spill. In order to accurately account for the energy we believe that settlement, both import and export) should be based on smart meter profile data (half-hourly or more granular if required under European legislation). This approach would allow for accurate accounting of both the export and import energy in Low Voltage (LV) networks. The import profile would be accurate using the profile data from the smart meter. Currently the non-half hourly profiles are not adjusted for generation used on-site which causes further mis-allocation of micro-generation.

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We also believe that this approach will facilitate innovation, dynamic time of use tariff development and help with demand side response initiatives.

ELEXON are happy to discuss with DECC the impacts on Suppliers and settlement that are currently occurring or provide clarification on this response.

END

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