

## Regulation and policy update for community and local energy stakeholders May 2019

The aim is to help keep you up-to-date with relevant policy and to provide context as to why it is important to community and local energy. The electricity industry is going through a period of rapid development and we can't promise that this will be an exhaustive list but it will hopefully be a useful summary and prompt for further reading.

Name of regulation / policy	What is it?	Owner	What stage is it at?	Why it matters
<b>Smart Export Guarantee</b>	A Government proposal for a mandatory supplier-led route to market for small-scale low-carbon generation.	BEIS	The consultation closed on 5 March and we are waiting for the Government to report back.	It could result in an export tariff for small-scale low carbon generation.
<b>Enabling consumers to buy and sell electricity from/to multiple providers through meter splitting</b>	This is a proposed modification to an industry code: P379 which, if it goes ahead, will enable individual consumers to be supplied by multiple trading parties through a Balancing and Settlement Code (BSC) settlement meter at the boundary point.	Elexon	The proposed modification has a formal process to follow: it is part way through the working group phase and its progress can be tracked on the <a href="#">Elexon website</a> .	The electricity industry is governed by codes and changes mean new practices can be bought in. This modification could mean domestic customers can contract with more than one supplier and one of those suppliers could be with a community or local energy generator.
<b>Open Networks</b>	This is the name of the project that is overseeing the industry-wide project to identify and implement the changes that are required to enable significant low carbon technology deployment across the electricity networks. Also known as the transition from DNO to DSO.	ENA	The Open Networks project undertakes periodic consultation to ensure it includes the views of stakeholders. Electricity North West is engaged across all work streams and Community Energy England represents the sector on a workgroup.	This is a complex industry-wide project that will result in changes to the industry. It is too early to tell what direct impact they will have on the community and local energy sector but its overall aim is to facilitate the transition needed to decarbonise the electricity industry. Please <a href="#">contact us</a> if you would like any further information.
<b>Targeted charging review – significant code review</b>	This is Ofgem's method to review current working practices and this review will focus on: <ul style="list-style-type: none"> <li>consideration of reform</li> </ul>	Ofgem	Ofgem's timetable: <ul style="list-style-type: none"> <li>On 28 November 2018 Ofgem released its Targeted Charging Review (TCR): <i>Minded</i></li> </ul>	It's hard to tell how the both these code reviews will impact community and local energy because they are complex and

	<p>of residual charging for transmission and distribution, for both generation and demand, to ensure it meets the interests of consumers, both now and in future; and</p> <ul style="list-style-type: none"> <li>• keeping the other 'embedded benefits' that may be distorting investment or dispatch decisions under review.</li> </ul>		<p>to decision and draft impact assessment consultation</p> <ul style="list-style-type: none"> <li>• Following a consultation window, Ofgem is reviewing responses before making a final decision sometime in mid-2019.</li> </ul>	<p>inter-related although they are being dealt with separately. However it's possible that changes will result in increased connection or use of system costs. Ofgem have also been criticised for not putting carbon emissions reduction at the heart of the change – something we know is important to the community energy sector.</p>
<p><b>Access and forward looking charges review - significant code review</b></p>	<p>This is Ofgem's method to review current working practices and this review will focus on:</p> <ul style="list-style-type: none"> <li>• a review of the definition and choice of access rights for transmission and distribution users</li> <li>• a wide-ranging review of distribution network charges (Distribution Use of System (DUoS) charges)</li> <li>• a review of the distribution connection charging boundary</li> <li>• a focused review of transmission network charges (Transmission Network Use of System (TNUoS) charges).</li> </ul>	Ofgem	<p>Ofgem's timetable:</p> <ul style="list-style-type: none"> <li>• Publish working papers and other discussion materials – summer 2019</li> <li>• Consult on our minded-to-decision and draft impact assessment – spring 2020</li> <li>• Publish decision and final impact assessment – autumn 2020</li> <li>• We are targeting to implement any changes in 2022 and 2023. Where possible, Ofgem may seek to implement any 'quick wins' identified in advance of these dates.</li> </ul>	<p>The <a href="#">Charging Futures programme</a> is a good source of information for further reading and information via pod casts. It has been established to coordinate the significant reform of electricity access and charging arrangements in close collaboration with users of GB's electricity network.</p>
<p><b>Switching programme – significant code review</b></p>	<p>This is Ofgem's method to review current working practices and this review will focus on:</p> <ul style="list-style-type: none"> <li>• implementing changes to switching arrangements that will enable consumers to switch their energy supplier reliably and quickly, including by the end of the next working day if they</li> </ul>	Ofgem	<p>Ofgem's timetable:</p> <ul style="list-style-type: none"> <li>• Commencement of Design, Build and Test Phase in April 2019</li> <li>• Completion of CSS physical interface designs by July 2019 and industry party mobilisation by August 2019</li> <li>• Commencement of system integration testing in April 2020</li> </ul>	<p>The rationale for intervention is the current switching arrangements result in negative outcomes for some consumers and where designed in the last century and potentially act as a brake on innovation.</p> <p>In the future, the way that registration date and/or the switching</p>

	<p>choose</p> <ul style="list-style-type: none"> <li>require the Data Communications Company to procure a new Centralised Switching Service (CSS) that will facilitate reliable and fast switching across gas and electricity markets.</li> </ul>		<p>and the completion of full physical design baseline by July 2020</p> <ul style="list-style-type: none"> <li>Planned go live summer 2021.</li> </ul>	<p>process is managed could require changes if say consumers might want to power their houses from one supplier and their cars from another.</p> <p>Further information can be found on the dedicated Ofgem webpage <a href="#">here</a>.</p>
<b>Energy codes review – significant code review</b>	<p>This is BEIS's/Ofgem's method to review current working practices and this review will focus on:</p> <ul style="list-style-type: none"> <li>the rules underpinning the operation of the electricity and gas networks, and the wholesale and retail markets</li> <li>develop options for improving the codes and their governance</li> <li>how these changes can be made, including through legislation if necessary.</li> </ul>	BEIS/Ofgem	<p>BEIS's/Ofgem's timetable:</p> <ul style="list-style-type: none"> <li>Review launched November 2018</li> <li>stakeholder engagement workshops held in February 2019</li> <li>This review is in its infancy and the first consultation is expected in June 2019.</li> </ul> <p>No date has yet been released for final decision or implementation.</p>	<p>The review aims to improve the existing code arrangements and include scope for fundamental reform. It acknowledges that many of the rules governing the energy sector were designed several decades ago for an energy system and market that had yet to see significant growth in low carbon technologies or smarter, more flexible approaches.</p> <p>Consequently, the terms of reference for the review states that action is necessary in order to create a regulatory framework capable of delivering the change that will be required to move to a clean, smart, and consumer-led energy system.</p> <p>Further information can be found on the dedicated government webpage <a href="#">here</a>.</p>