

Winter Consultation Update 2007/08

Richard Price

6th June 2007

Agenda

- ◆ Winter 2007/08 Consultation Timetable;
- ◆ Feedback from responses to our Initial Document;
- ◆ Winter 2007/08 Modelling Assumptions;
- ◆ Key questions for Electricity.

Winter Consultation Report

- ◆ Covers both Gas and Electricity and also key interaction;
- ◆ Uses a set of assumptions and scenarios to highlight what could happen over the winter;
- ◆ Is based upon views and assumptions developed in consultation with the energy industry;
- ◆ Documents are published on the Ofgem website: -

<http://www.ofgem.gov.uk/Markets/WhlMkts/CustandIndustry/WinterOutlook/Pages/WinterOutlook.aspx>

Timetable

- ◆ Three stage process
 - ◆ 27th March - Preliminary Report
 - ◆ Feedback Deadline 14th May 07
 - ◆ June - Consultation Document
 - ◆ Publication target in W/C Monday 18th June 07
 - ◆ Ofgem Seminar Wednesday 27th June 07
 - ◆ September - Final Report Published
 - ◆ A further seminar session

Initial Assumptions - electricity

- ◆ 0.7 GW new renewables in Scotland
- ◆ No new large stations in E&W
- ◆ Reduced output at Hinkley Point and Hunterston
- ◆ No demand growth
- ◆ Plant margin 24%
- ◆ Assuming 30% wind, margin is 22%

- ◆ No short-term mothballed plant

Availability Assumptions 07/08 – Electricity

Power Station Type	Full Capacity (GW)	Assumed Availability	Assumed Availability (GW)
Nuclear	10.2	80%	8.2
French Interconnector	2.0	100%	2.0
Hydro generation	1.0	60%	0.6
Wind generation	1.9	35%	0.7
Coal	27.9	85%	23.7
Oil	3.3	95%	3.1
Pumped storage	2.8	100%	2.8
OCGT	1.2	95%	1.1
CCGT	25.2	90%	22.7
Total	75.5		64.9
Average availability		86%	

Industry Responses – 12 received

- ◆ General agreement on our electricity assumptions;
- ◆ Confidence expressed in the ability of the market to respond to price signals;
- ◆ LCPD raised as an issue by some respondents;
- ◆ Some questioned the ability to restock distillate.

Consultation

- ◆ Views sought through the next consultation post publication of the consultation document w/c 18th June 2007 on:
 - ◆ The market related assumptions made
 - ◆ Will demand bounce back?
 - ◆ Will any plant be mothballed?
 - ◆ Plant availability and merit order assumptions
 - ◆ Switch to distillate and fossil-fuel generation to displace gas-fired generation
 - ◆ The impact of the LCPD