

Welcome to The e-POWER Bulletin!

The e-POWER Bulletin aims to provide a unique focus, giving you - the generators - just what you need to know when selling your renewable power. No more, no less. In this issue we take a look at:

- the renewables policies of the political parties;
- recent e-POWER and e-ROC auction results;
- insight on wholesale power prices;
- the latest contract for difference operational plan;
- upcoming dates under the Renewables Obligation; and

- the impact of new network charging on embedded benefits.

Whether you're a prospective or existing e-POWER user, the aim of this newsletter is to meet your needs. So if it doesn't hit the spot or you've got ideas for future content, I would love to hear from you.

Thanks for reading,

Stuart Stephens



Election update

As the General Election on 7 May 2015 approaches, we thought it was time to take a look at the positions, on renewables, of the main political parties.

The Conservatives

The Conservatives support the long-term framework, implemented through the Electricity Market Reform (EMR) programme, that has been established for promoting the development of low-carbon infrastructure. However, the party has said that it would, if re-elected, end subsidies for onshore wind projects that are not already in the planning pipeline.

A Conservative government after May would also seek to provide local communities with more powers in the determining of applications for local renewables projects.

More generally, the Conservatives would be expected to maintain a very tight control on the cost of renewables support schemes. The

likelihood of further interventions to control spending under various policies would likely increase. However, it should be stressed that, under any government, spending on renewables will be constrained by the Levy Control Framework (LCF).

Labour

Labour has established a platform that is strongly supportive of renewables. It has called for a 2030 power sector decarbonisation target, and unsuccessfully attempted to implement the target through Energy Act 2013. The party argues that the measure is necessary in order to provide more long-term confidence to renewables developers.

This move would be reinforced by Labour's intention to provide the Green Investment Bank with borrowing powers, in contrast to the current policy of this only becoming possible when public sector net debt is falling as a percentage of GDP.



Liberal Democrats

The party has said that, if in government after the next election, it would double the UK's production of renewable electricity by 2020 and make Britain zero carbon by 2050 as part of progress towards ending "the UK's adverse impact on climate change for good".

The front page of the party's manifesto also includes a pledge to enact a series of "green laws". These included A Zero Carbon Britain Bill that would seek to promote renewables development by implementing a 2030 power sector decarbonisation target of 50–100gCO₂e/ kWh and by expanding the powers of the Green Investment Bank.

The party would also establish an Office for Accelerated Low Carbon Innovation to fast-track new green technologies.

The SNP

The SNP is firmly supportive of renewables development. It broadly backs the EMR framework, but has been critical of the design of the individual policies.

The party's manifesto cautioned that, should its MPs exert an influence on energy policy in the next Parliament, the SNP would advocate a reformed CfD framework that was more favourable to offshore wind and to Scottish projects.

UKIP

Doubtful of the science of climate change, the party has vowed to repeal Climate Change Act 2008, arguing that it could cost the UK as much as £18bn/ year for 40 years. As a consequence, UKIP is flatly opposed to subsidies for the development of renewable energy. The party says that it is not, in principle, opposed to the deployment of renewable technologies (with the exception of wind) but that their development would need to be funded privately.

The Green Party

The Green Party's manifesto has set out plans for "radical action" on climate change and reducing energy bills. The manifesto said that the Greens would phase out all fossil fuel-fired generation, with coal coming offline in 2023, and that the UK's nuclear power fleet would close within 10 years.

To address the shortfall in generation, the Greens plan £35bn of investment in renewables in order to bring online 42GW of offshore wind, 25GW of solar PV and 42GW of community power by the end of the decade.

The party would also split vertically integrated companies and "secure public control and strategic direction of the National Grid".

Industry response

Over nine in 10 (95%) members of the Renewable Energy Association (REA) have said that the Westminster political parties have failed to address the industry's needs during the General Election Campaign.

An REA survey, unveiled on 24 March, showed that nearly one in three respondents (30%) felt that the Green Party would be best for the industry, followed by the Liberal Democrats. Nearly a fifth (18%) of respondents believed that the industry would be in the best hands under Labour, whereas the Conservatives received the support of 15%. Over half (56%) of respondents said that the feed-in tariff scheme was the most important policy for them, followed by the Renewable Heat Incentive (52%).

In a paper, published on 22 April, the UK Energy Networks Association (ENA) said that policy-makers should focus on delivering a stable regulatory environment, supporting investment in innovation, and creating the right conditions to facilitate long-term infrastructure planning. The paper said that £34.4bn of investment would be required in electricity networks by 2020.

Latest auction results

Over 500 bids received in e-ROC auction

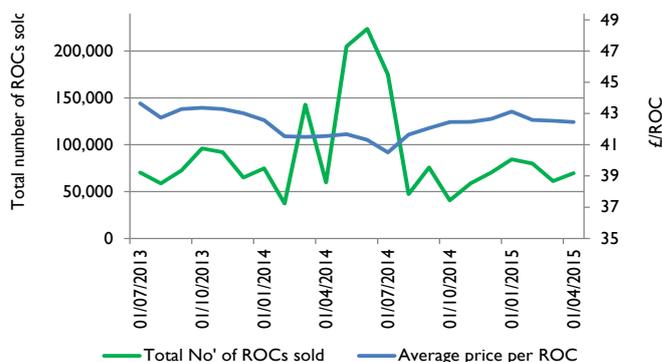
The latest e-ROC auction took place on 23 April, where almost 500 bids were placed from nine different bidders.

69,640 ROCs were sold, up 16% on the same month last year and over 13% higher than March 2015. This comes despite continued forecasts of CP13 ROC oversupply.

The e-ROC auction average price fell 9p on March levels to £42.45.

The next e-ROC auction will take place on 22 May.

e-ROC price chart



Near 50MW sold in latest e-POWER auction

The latest monthly e-POWER auction took place on 23 April. During the auction 46MW of power and renewable benefits were auctioned. Although the capacities were large it involved only two sites so it is not possible to publish auction price outcomes. However bids were high and sites achieved circa 99% of theoretical maximum value levels.

The next e-POWER auction is on 22 May and this will be for any PPA requiring a start date of 1 June through to 1 August 2015.

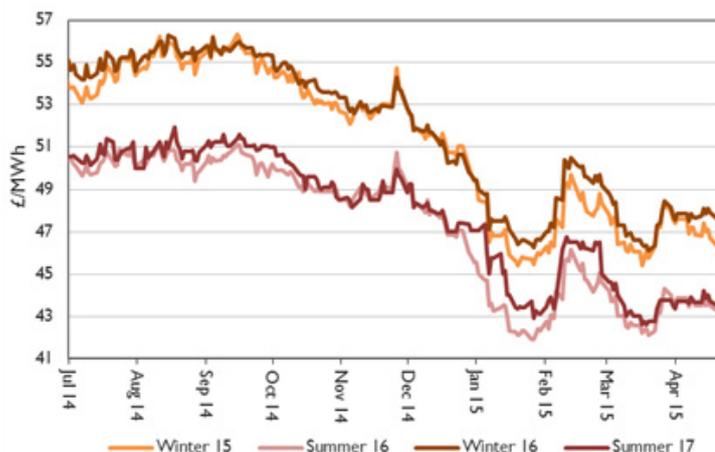
Comfortable supply flattens power prices

Up to the end of April, seasonal power contracts rose 2.1% on the lows recorded in January.

Rises were influenced over the quarter by increases in oil and gas contracts. Gas contracts gained 2.3% on average from January to April with the market impacted by recovering oil prices and outages for European gas supplies. The rises fed directly into the GB power market. By the end of April winter 15 power was up 1.2% from its previous record low to reach £46.3/MWh and summer 16 power had climbed 2.2% to £43.3/MWh. Winter 16 power rose 2.1% to reach £47.6/MWh.

Prices flattened over April, as the market became less volatile owing to steady demand and a comfortable supply picture.

Seasonal price trends





FiT and CfD FiT update

The Low Carbon Contracts Company (LCCC) has set out the indicative [operational plan](#) for the next contracts for difference (CfD) allocation round. Subject to the will of the next government, DECC will publish an allocation round notice, allocation framework, and budget in July. In the same month it would also publish the strike prices for pot 2 technologies for the period 2019-21. The CfD round would, under the plan, commence on 21 October, with applicants able to apply for eligibility assessment through to 4 November.

The government [confirmed](#) on 20 March that, from 2019, medium and large building-mounted solar photovoltaics (PV) systems would be allowed to move between buildings without the loss of feed-in tariff (FiT) payments. The definition of building-mounted solar under the FiT will also be amended to require the building to use at least 10% of the electricity generated.

DECC has [published](#) guidance to complaints and dispute resolution procedures under the FiT scheme.



ROC and LEC update

Ofgem has [published](#) the deadlines for data submission under Renewables Obligation Certificates (ROCs) and Renewable Levy Exemption Certificates (LECs) and the dates by which Ofgem intends to issue ROCs and LECs for the period April 2015 to March 2016.

The number of ROCs issued to generators was greater than the total supplier obligation for the first time in 2013-14, Ofgem has confirmed. In the compliance period covering 1 April 2013 - 31 March 2014, the regulator [issued](#) 62.8mn ROCs, up 42% on the 44.3mn ROCs issued the previous year. This compares to the total supplier obligation for the year of 61.9mn ROCs.

Although the market faced oversupply, a ROC value of £42.72 was achieved as some suppliers elected not to purchase ROCs and others banked ROCs to be submitted for compliance in 2014-15.

The energy regulator issued on 13 April [updated guidance](#) for generators that receive or would like to receive support under the Renewables Obligation (RO).

The latest guidance takes account of changes that took place via the RO Closures Amendment Order (2015), including the closure of the RO to new large-scale solar PV generating capacity and the introduction of three grace periods for stations affected by the closure.

Ofgem has also published an [essential guide](#) to commissioning to help establish the date that a generating station was or will be commissioned is in line with the definition provided in the RO legislation. It also issued [frequently asked questions](#) on the closure of the RO to large-scale solar PV.

Embedded benefit update

On 27 March National Grid [confirmed](#) the three half-hours of peak demand (Triads) for which half-hourly metered demand/ embedded generation tariffs will be charged/ paid in 2015-16. The periods are: Thursday 4 December 2014 17:00-17:30; Monday 19 January 2015 17:00-17:30; and Monday 2 February 2015 17:30-18:00. Generation from embedded stations during this period will determine their transmission network use of system (TNUoS) embedded benefit rates for 2015-16.

The new electricity network charging year took effect on 1 April for both transmission and distribution. TNUoS half hourly demand tariffs have increased by an average of 19% (across all regions) compared with 2014-15. As noted above, the TNUoS embedded benefit received will depend on the station's generating capacity during the Triad periods and therefore the offset demand in the period, but embedded generators could see their TNUoS benefits uplifted as much as 19%. Generation distribution use of system (GDUoS) charges will also have changed from 1 April, although the direction and magnitude of change will vary by local distribution region.

Other industry news in brief

Onshore wind

Continued progress on cost reduction could see onshore wind become the lowest-cost new generation technology in the UK by 2020, according to a report.

Published on 2 April by the Onshore Wind Cost Reduction Taskforce, the report said to achieve the target, onshore wind would need to compete with new CCGT generation, which has a predicted LCOE of £65/MWh-£75/MWh in 2020. To realise this ambition, industry would need to drive down the cost of grid connection and should seek to increase planning approval rates through engagement with government and consumers.

Investment increasing

Since 2010, £39.6bn (in 2012 prices) has been invested in renewables generation capacity in the UK, a DECC [report](#) has found.

Published on 24 March the report claimed that the most investment for an individual technology over the period 2010-14 was recorded in solar photovoltaics (£11.4bn). The UK now has an overall solar PV capacity of around 5GW, generated from around 650,000 installations.

The onshore wind sector recorded investment of £7.9bn, with installed capacity of 8.1GW by the end of Q314. Projects under construction in the sector will add a further 1.3GW of capacity, while projects awaiting construction could provide another 5.2GW.

Offshore wind attracted £9.5bn of investment over the period, with the UK remaining the world-leader in the technology.

Solar CfDs

Two solar photovoltaic projects that won CfDs in the first allocation round will not go ahead, it has been [announced](#).

The projects, owned by Hadstone Energy and Royston, were successful in the auction, held in February, with bids of £50/MWh for 2015-16. Neither project appeared on the CfD register published by the Low Carbon Contracts Company on 7 April.


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