

## Glossary

<b>Account holder</b>	The holder of an account with an <b>energy supplier</b> . The account holder can be an individual (or more than one individual) or a business and will appear on the front of an energy bill.
<b>Actual bill</b>	This is a bill based on an actual <b>meter reading</b> (as opposed to an estimated reading).
<b>Annual energy consumption</b>	<b>Energy consumption</b> over a 12-month period.
<b>AQ</b>	Annual quantity. The AQ of a gas <b>supply point</b> is its annual consumption over a 365-day year, under conditions of average weather.
<b>BETTA</b>	British Electricity Trading and Transmission Arrangements. A plan to create a single electricity market in Great Britain, introduced on 1 April 2005 and based on the <b>NETA</b> mechanism, which has been in operation in England and Wales since March 2001.
<b>Biofuels/biomass</b>	In energy production, biomass refers to recently living biological material that can be used as fuel. Normally biomass refers to plant matter grown for use as biofuel. Biomass does not add CO <sub>2</sub> to the atmosphere as it absorbs the same amount of carbon in growing as it releases when consumed as a fuel. Its advantage is that it can be used to generate electricity with the same equipment or power plants that are now burning <b>fossil fuels</b> .
<b>BIS</b>	Department for Business, Innovation & Skills. Government department which covers policy areas including skills, higher education, innovation, science, business and trade, with the aim of fostering growth. Was known as the Department of Trade and Industry until 2007.
<b>BM</b>	Balancing mechanism. A market-based mechanism that enables <b>National Grid</b> to instruct generators and suppliers to vary electricity production or consumption close to, or in real time, in order to maintain safe operation of the system.

<b>British Gas</b>	Company owned by <b>Centrica</b> , which is one of the <b>Six Large Energy Firms</b> .
<b>BSC</b>	Balancing and Settlement Code. Electricity industry code covering the rules for the <b>BM</b> and the settlement of imbalance charges in Great Britain.
<b>BSUoS</b>	Balancing Services Use of System. Charges that are paid by electricity suppliers and generators based on the energy taken from, or supplied to, the <b>National Grid</b> system in each half-hour settlement period. It varies for each settlement period.
<b>Capacity Market</b>	A scheme underpinned by the Energy Act 2013 to ensure security of electricity supply.
<b>CBW</b>	Cashback website. Cashback websites are a channel for buying and selling energy supply. They operate on a membership basis, whereby <b>customers</b> become members of the website to access cashback promotions from retailers advertised on the website.
<b>CCGT</b>	Combined-cycle gas turbine. A modern form of gas-fired power station that is able to reach high thermal efficiencies (typically in the 45 to 60% range) by combining the use of a steam-raising boiler and turbine with an exhaust gas turbine.
<b>CCL</b>	Climate change levy. Government tax on the use of energy within industry, commerce and the public sector in order to encourage energy efficient schemes and use of renewable energy sources. CCL is part of the government's <b>climate change</b> programme.
<b>CCS</b>	Carbon capture and storage. The process by which CO <sub>2</sub> emissions from an emitter (generally considered to be a power station or large industrial unit) are separated from the exhaust gases and transported to a storage facility (usually depleted oil or gas fields) in order to reduce its effect on <b>climate change</b> .
<b>Centrica</b>	Centrica plc, parent company of <b>British Gas</b> ; one of the <b>Six Large Energy Firms</b> .
<b>CERT</b>	Carbon Emissions Reduction Target.

<b>CESP</b>	Community Energy Saving Programme.
<b>CfDs</b>	Contracts for Difference. A scheme underpinned by the Energy Act 2013 to support low carbon generation.
<b>Climate change</b>	Term used to indicate significant change from one climatic condition to another. It is also often used to refer to 'global warming'.
<b>Collective switching</b>	Collective switching is a channel for buying and selling energy supply, involving <b>customers</b> grouping together to buy their energy supply.
<b>Contract price</b>	The price for <b>energy consumption</b> agreed in a contract. This could be a fixed or flexible price depending on the type of contract.
<b>CUSC</b>	Connection and Use of System Code. The contractual framework for connection to, and use of, <b>National Grid's</b> high-voltage transmission system and the high-voltage systems in Scotland.
<b>Customer</b>	Any person or business supplied or requiring to be supplied with gas or electricity at any premises in Great Britain.
<b>Dark spread</b>	The margin between the cost of coal and the price of power. The theoretical profit a coal-fired power plant makes from selling a unit of electricity, having bought the fuel required to produce this unit of electricity and ignoring non-fuel based variable costs.
<b>DCUSA</b>	Distribution Connection and Use of System Agreement. Provides the principal terms (including charging methodologies) regarding connection to and use of the electricity distribution networks by generators, suppliers and distributors.
<b>DD</b>	Direct debit.
<b>DECC</b>	Department of Energy & Climate Change. DECC was formed in 2008 from the merger of the Energy Division of the Department for Business, Enterprise and Regulatory Reform (now <b>BIS</b> ) and parts of the Department of Environment, Food & Rural Affairs.

<b>Decommissioning</b>	The process for the removal of a plant or piece of equipment from an operational state.
<b>Deemed contract</b>	A contract where the contractual terms and conditions have not been expressly agreed between the supplier and the <b>customer</b> .
<b>Demand</b>	The requirement for electricity and gas.
<b>Distribution Code</b>	Covers the technical aspects relating to the connection and use of the licensee's distribution network. It specifies day-to-day procedures that govern the relationship between the distribution licensee and users of its distribution system for planning and operational purposes in normal and emergency circumstances.
<b>DNO</b>	Distribution network operator. The operator of an electricity distribution network.
<b>Domestic customer</b>	A <b>customer</b> supplied or requiring to be supplied at a <b>domestic premise</b> .
<b>Domestic premises</b>	Premises at which the supply of electricity or gas is taken wholly or mainly for domestic purposes.
<b>Drax</b>	Drax Group plc, a British electrical power generation company.
<b>DSR</b>	Demand-side response.
<b>Dual fuel</b>	The supply of more than one energy type, eg gas and electricity. Also known as combined energy.
<b>DUoS</b>	Distribution Use of System. Charges that are levied by host distribution companies to electricity supply companies to cover the cost of distributing electricity to their <b>customers</b> . Half-hourly DUoS systems calculate site-specific bills for large organisations where their <b>energy consumption</b> is significant on a half-hourly basis.
<b>EBIT</b>	Earnings before interest and tax, or gross profit less indirect costs.

<b>EBSCR</b>	Energy Balancing Significant Code Review. The process launched by <b>Ofgem</b> in 2012 to address long-standing concerns on electricity balancing arrangements.
<b>ECO</b>	Energy Company Obligation.
<b>EDF Energy</b>	EDF Energy plc, a company owned by EDF S.A.; one of the <b>Six Large Energy Firms</b> .
<b>Electricity interconnector</b>	Cross-border transmission capacity connecting the electricity networks from different European member states to the grid.
<b>Elexon</b>	An organisation, owned by <b>National Grid</b> , which manages the operation of the <b>BM</b> for the electricity market.
<b>EMR</b>	The Energy Market Reform, which led to the introduction of the <b>Capacity Market</b> and the <b>CfDs</b> .
<b>Energy consumption</b>	Use of energy as a source of heat or power. Energy consumption is measured by a gas or electricity meter and <b>customers</b> are billed for the amount of energy used.
<b>Energy efficiency</b>	Reducing <b>energy consumption</b> while still maintaining similar levels of output or performance. This is usually achieved by reducing wasted energy or increasing the power efficiency of appliances.
<b>Energy Ombudsman</b>	An independent body that resolves disputes from consumers about energy.
<b>Energy supplier</b>	A party licensed by <b>Ofgem</b> to sell gas and/or electricity to <b>domestic</b> and <b>non-domestic customers</b> .
<b>Energy Supply Probe (or Probe)</b>	<b>Ofgem</b> 's 2008 investigation into the electricity and gas supply markets for households and small businesses.
<b>Energy trading</b>	The buying and selling of energy to take advantage of fluctuations in the energy market.
<b>E.ON</b>	E.ON UK plc, a company owned by E.ON SE; one of the <b>Six Large Energy Firms</b> .
<b>ETS/EU ETS</b>	Emissions Trading System/EU Emissions Trading System. One of the policies introduced across Europe to reduce

	carbon emissions and combat the serious threat of <b>climate change</b> .
<b>Evergreen supply contract</b>	A supply contract that is for a period of indefinite length and that does not contain a fixed-term period.
<b>Evergreen tariff</b>	A tariff offered in an <b>evergreen supply contract</b> which is available to <b>domestic customers</b> within the UK.
<b>Feed-in-tariff (FIT)</b>	A feed-in tariff is a payment you can get if you generate your own renewable electricity (eg with solar panels or a wind turbine) and you can also sell energy back to the grid.
<b>Fossil fuels</b>	Fuels such as coal, oil and gas, which have been formed from the decomposition of ancient plant and animal matter.
<b>Gas interconnector</b>	Cross-border transmission capacity connecting gas transmission systems from other countries to the <b>NTS</b> in England, Scotland and Wales.
<b>Gate closure</b>	The point when bilateral trading stops and the <b>BM</b> system is in operation. Currently set at one hour before the start of each settlement period.
<b>GC</b>	Grid Code. Provides the technical requirements for connection to, and use of, the national electricity transmission system by generators, suppliers and distributors.
<b>GDA</b>	Green Deal Arrangements Agreement. Governs payment collection and remittance of Green Deal charges.
<b>GEMA</b>	Gas and Electricity Markets Authority. The main onshore gas and electricity regulator in Britain. GEMA is in effect the executive board of <b>Ofgem</b> .
<b>Grid</b>	The electricity transmission and distribution system for the UK.
<b>Grid supply point</b>	A point of connection between the transmission system and the distribution system.
<b>GWh</b>	Gigawatt hour. One million kilowatt hours.

<b>Half-hourly settlement</b>	As part of the <b>settlement process</b> , the arrangements for using actual half-hour meter readings to determine how much a supplier's consumers use in each <b>settlement period</b> .
<b>Hedging</b>	The process of making an investment to reduce the risk of adverse price movements in an asset. Normally a hedge consists of taking an offsetting position in a related security, such as a futures contract.
<b>IGT UNC</b>	Independent Gas Transporter Uniform Network Code. A streamlined and harmonised form of the network code arrangements in the <b>UNC</b> that applies to independent gas transporters.
<b>IHD</b>	In-home display. A device provided at premises which, on the date it is provided for, is a device of a type identified in; has the functional capability specified by; and complies with the other requirements of, the IHD technical specification applicable at that date.
<b>j</b>	Joule. A unit of measurement for energy equal to one watt-second.
<b>kWh</b>	Kilowatt hour. A unit of energy used by the gas industry. Approximately equal to 0.0341 Therms. One Megawatt hour (MWh) equals 1000 kWh, 1 <b>GWh</b> equals 1,000,000 kWh, and 1 <b>TWh</b> equals 100,000,000 kWh. Kilowatt hour – 3,600,000 j.
<b>LEC</b>	Levy Exemption Certificate.
<b>Live fixed-term tariff</b>	A tariff offered on a fixed-term supply contract that continues to be capable of being entered into by all <b>domestic customers</b> in the region in which the tariff is available.
<b>LNG</b>	Liquefied natural gas. Gas cooled until it becomes liquid (–162°C) and stored in insulated metal tanks.
<b>LOLP</b>	Loss-of-load probability.
<b>LPG</b>	Liquefied petroleum gas. A natural hydrocarbon fuel largely made up of propane and butane. A gas at atmospheric pressure, it is liquefied by reducing temperature or

increasing pressure. Its liquefied state means it takes up less space and makes storage and transportation easier.

<b>Main price</b>	The price applied to energy imbalances in the same direction as the overall system imbalance.
<b>Master Registration Agreement / MRA</b>	Covers the provision of metering point administration services and the procedures relating to the change of supplier to any premises or metering point.
<b>Meter reading</b>	Process used to determine <b>energy consumption</b> and issue a bill for energy usage for a given period. Meter readings can be submitted online or by phone.
<b>Microbusiness</b>	<p>A <b>non-domestic customer</b> that meets one of the following criteria:</p> <ul style="list-style-type: none"><li>• Employs fewer than ten employees (or their full-time equivalent) and has an annual turnover or balance sheet no greater than €2 million.</li><li>• Consumes no more than 100,000 <b>kWh</b> of electricity per year.</li><li>• Consumes no more than 293,000 kWh of gas per year.</li></ul>
<b>Modification proposal</b>	Mechanism for the consideration, approval and incorporation of changes to the <b>BSC</b> .
<b>MW</b>	Megawatt. Standard measure of generation plant capacity equal to 1,000 kilowatts, or one million watts. Medium to large power stations have capacity typically in the range of 500 MW to 2,000 MW.
<b>National Grid</b>	National Grid plc, owner and operator of the gas transmission system in GB; owner of gas distribution in a large part of England; owner of the electricity transmission system in England; and operator of the transmission system in GB.
<b>NETA</b>	New Electricity Trading Arrangements. A system of wholesale electricity trading introduced in March 2001 to replace the electricity <b>Pool</b> .



<b>NGET</b>	National Grid Electricity Transmission, a subsidiary of <b>National Grid</b> .
<b>NGG</b>	National Grid Gas, a subsidiary of <b>National Grid</b> .
<b>Non-domestic customer</b>	A customer supplied or requiring to be supplied at a <b>non-domestic premises</b> .
<b>Non-domestic premises</b>	Premises that are not <b>domestic premises</b> and at which the supply of electricity and gas is taken and includes premises where the person who has entered into a contract with the licensee for the supply of electricity and gas to the premises is a person who has entered or will enter into an agreement with any other person for the provision of a residential or any other accommodation service at the premises; and the terms of the agreement referred to are commercial in nature and include a charge for the supply of electricity and gas to the premises.
<b>npower</b>	Brand used in the UK by <b>RWE</b> ; one of the <b>Six Large Energy Firms</b> .
<b>NTS</b>	National transmission system. The high-pressure network of pipes that transports the gas between the terminals, storage facilities and specific regional sites for local distribution in the UK.
<b>OCGT</b>	Open-cycle gas turbine. Simple low-efficiency generation.
<b>Ofgem</b>	Office of Gas and Electricity Markets. The UK regulator for both gas and electricity.
<b>OTC</b>	Over-the-counter. Trading where financial instruments such as stocks, bonds, commodities or derivatives may be traded directly between two parties. It is the opposite of exchange trading, which occurs on futures exchanges or stock exchanges.
<b>OTC contract</b>	A bilateral contract in which two parties agree on how a particular trade or agreement is to be settled in the future.
<b>PCW</b>	Price comparison website. A website that offers price comparison and switching services.
<b>Plant margin</b>	The amount by which the total installed generating plant capacity exceeds the peak <b>demand</b> , expressed as a

	percentage of the net amount of the weather-corrected peak <b>demand</b> less the total imports from external utilities.
<b>Pool</b>	The centralised system for the wholesale electricity market in England and Wales before the introduction of <b>NETA</b> .
<b>Prepayment meter (PPM)</b>	Any electricity meter operating in a mode which requires a <b>customer</b> to pay charges in advance.
<b>Prepayment segment (PPS)</b>	Supply of gas and electricity to <b>domestic customers</b> on <b>prepayment meters</b> .
<b>Producer</b>	Company that explores for gas, drills the wells, and flows the gas from the seabed. It sends the gas along undersea pipelines and hands it over to terminal operators.
<b>Project TransmiT</b>	An independent and open review of electricity transmission charging and associated connection arrangements launched by <b>Ofgem</b> in 2010.
<b>PSR</b>	Priority Services Register. Energy suppliers are obliged to offer a range of free services, known as the priority services register, to their most vulnerable customers.
<b>REMIT</b>	EU Regulation 1227/2011 on Energy Market Integrity and Transparency.
<b>RO</b>	Renewables Obligation. The government's main policy measure to encourage the development of electricity generating capacity using renewable sources of energy in the UK.
<b>ROC</b>	Renewables Obligation Certificate. Certificate issued by the regulator to generators that demonstrate that they have issued 1 MWh of renewable electricity.
<b>ROCE</b>	Return on capital employed.
<b>RMR</b>	Retail Market Review. A review of the retail energy market launched by <b>Ofgem</b> in late 2010 due to concerns that the energy market was not working effectively for consumers.
<b>RWE</b>	RWE npower plc, a company owned by RWE AG; one of the <b>Six Large Energy Firms</b> .

<b>SBP</b>	System buy price. The price which electricity players that are short of electricity are charged for top-up. If SBP is the <b>main price</b> (the system as a whole is short) it is based on a volume-weighted average of accepted <b>BM</b> offers. If SBP is the reserve price (the system as a whole is long) it is based on a market index price.
<b>SC</b>	Standard credit.
<b>Scottish Power</b>	Company owned by Iberdrola S.A.; one of the <b>Six Large Energy Firms</b> .
<b>Season</b>	When used in the context of wholesale electricity and gas, a six-month period (April to September is Summer and October to March is Winter).
<b>Seasonality</b>	A characteristic of a time series in which the data experiences systematic and calendar related effects. For example, changes or patterns in a time series that recur each calendar year can be said to be seasonal.
<b>SEC</b>	Smart Energy Code. A multi-party agreement that defines the rights and obligations of <b>energy suppliers</b> , network operators and other relevant parties involved in the end-to-end management of smart meters in Great Britain.
<b>Settlement period</b>	The period over which contracted and metered volumes are reconciled. This is defined as a period of 30 minutes.
<b>Settlement process</b>	Settlement places incentives on suppliers (and other market participants) to contract sufficiently to meet the needs of consumers. For suppliers, it operates by charging for any difference between the volume of electricity that they buy and the volume that their customers' consume.
<b>Six Large Energy Firms</b>	<b>Centrica, EDF Energy, E.ON, RWE, Scottish Power, and SSE.</b>
<b>Smart meter</b>	A device installed for the purposes of the supply of electricity that provides the functional capability specified by <b>DECC</b> .
<b>SMEs</b>	Small and medium-sized enterprises.

<b>SO</b>	System operator. The body that manages the day-to-day operation of the system; part of <b>National Grid's</b> role in Great Britain for gas and electricity.
<b>SPAA</b>	Supply Point Administration Agreement. Governs supplier-to-supplier procedures considered important to affect efficient transfers of consumers between suppliers.
<b>Spark spread</b>	With carbon for a clean spark spread, the theoretical profit a gas-fired power plant makes from selling a unit of electricity, having bought the fuel required to produce this unit of electricity.
<b>SSE</b>	Scottish and Southern Energy plc; one of the <b>Six Large Energy Firms</b> .
<b>SSP</b>	System sell price. The imbalance price which electricity players that are long against their contracts are paid for spill. If SSP is the <b>main price</b> (the system as a whole is long) it is based on a volume-weighted average of accepted <b>BM</b> bids. If <b>SBP</b> is the reserve price (the system as a whole is short) it is based on a market index price.
<b>Standard licence condition (SLC)</b>	Rules on how <b>energy suppliers</b> can operate within their licence.
<b>Standing charge</b>	This is a fixed amount applied to an energy bill.
<b>STC</b>	System Operator – Transmission Owner Code. Provides the framework for arrangements between the <b>TSO</b> and the transmission network owners.
<b>Supply point</b>	The metered point where gas/electricity is supplied from the network to <b>domestic</b> and <b>non-domestic customers</b> . May include multiple meter points.
<b>SVT</b>	Standard variable tariff.
<b>System load factor</b>	The ratio (expressed as a percentage) of the net amount of electricity generated by a power plant to the net amount that it could generate if it were operating at its net output capacity.
<b>TCLC</b>	Transmission Constraint Licence Condition.

<b>TCR</b>	Tariff comparison rate.
<b>TIL</b>	Tariff information label.
<b>Time-of-use tariff</b>	Energy tariffs that charge different prices at different times of the day, week, month or year.
<b>TNUoS</b>	Transmission Network Use of System. Charges that are paid to <b>National Grid</b> by generators and suppliers who are considered to have used the electricity transmission network to transport energy. The charges vary for both generators and suppliers according to their geographic location and the <b>demand</b> for grid usage at that location.
<b>TO</b>	Transmission asset owner. The body that owns the transmission system and is responsible for its long-term maintenance and development. <b>National Grid</b> fulfils the role for gas and electricity in England and Wales, and also for gas in Scotland. <b>Scottish Power</b> is the TO for southern Scotland and Scottish Hydro-Electric is the TO for northern Scotland.
<b>TPI</b>	Third party intermediary. An intermediary arranging the sale and purchase of energy supplies and other services between <b>customers</b> and <b>energy suppliers</b> .
<b>TSO</b>	Transmission System Operator.
<b>TWh</b>	Terawatt-hour. A unit of energy equal to 1 million MWh (1 billion <b>kWh</b> ). One TWh is equivalent to the total electricity typically used by 250,000 homes in one year.
<b>UNC</b>	Uniform Network Code. The Uniform Network Code covers the arrangements between <b>NGG</b> and the <b>DNOs</b> .
<b>Unit rate</b>	The amount paid for each unit ( <b>kWh</b> ) of energy used.
<b>VI</b>	Vertical integration. The arrangement by which a firm (or group of firms under common ownership) engage in both generation and supply of electricity (or the production and supply of gas where we use the term in the context of gas).
<b>VI firm</b>	Vertically integrated firm. Any firm (or group of firms under common ownership) that engages in both generation and

supply of electricity (or the production and supply of gas where we use the term in the context of gas).

<b>VoLL</b>	Value of Lost Load. VoLL is the estimated amount that customers receiving gas and/or electricity would be willing to pay to avoid a disruption in their electricity service.
<b>W</b>	Watt. The conventional unit that measures the rate of flow of energy. One watt amounts to one <b>j</b> per second.
<b>WACC</b>	Weighted average cost of capital.
<b>Warm Home Discount (WHD) Scheme</b>	Scheme introduced by the government on 1 April 2011. It mandates domestic <b>energy suppliers</b> to provide direct and indirect support arrangements to fuel poor <b>customers</b> .
<b>Xoserve</b>	A joint venture delivering transportation transactional services for the gas market.