

Glossary

Account holder	The holder of an account with an energy supplier. The account holder can be an individual or a business and will appear on the front of an energy bill.
Actual bill	This is a bill based on an actual meter reading (as opposed to an estimated reading).
Annual energy consumption	Energy consumption over a 12-month period.
AQ	Annual quantity. The AQ of a gas supply point is its annual consumption over a 365-day year, under conditions of average weather.
BETTA	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 NETA mechanism, which has been in operation in England and Wales since March 2001.
Biofuels/biomass	In energy production, biomass refers to recently living biological material which can be used as fuel. Normally biomass refers to plant matter grown for use as biofuel. Biomass does not add CO ₂ 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 fossil fuels .
BIS	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.
BM	Balancing mechanism. A market-based mechanism that enables National Grid 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.
British Gas	Company owned by Centrica , which is one of the Six Large Energy Firms .

BSC	Balancing and Settlement Code. Electricity industry code covering the rules for the BM and the settlement of imbalance charges in Great Britain.
BSUoS	Balancing Services Use of System. Charges that are paid by electricity suppliers and generators based on the energy taken from or supplied to the National Grid system in each half-hour settlement period. It varies for each settlement period.
Capacity Market	A scheme underpinned by the Energy Act 2013 to ensure security of electricity supply.
CCGT	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.
CCL	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 climate change programme.
CCS	Carbon capture and storage. The process by which CO ₂ 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 climate change .
Centrica	Centrica plc, parent company of British Gas ; one of the Six Large Energy Firms .
CfDs	Contracts for Difference. A scheme underpinned by the Energy Act 2013 to support low carbon generation.
Climate change	Term used to indicate significant change from one climatic condition to another. It is also often used to refer to 'global warming'.
Contract price	The price for energy consumption agreed in a contract. This could be a fixed or flexible price depending on the type of contract.

CUSC	Connection and Use of System Code. The contractual framework for connection to, and use of, National Grid's high-voltage transmission system and the high-voltage systems in Scotland.
Customer	Any person or business supplied or requiring to be supplied with gas or electricity at any premises in Great Britain.
Dark spread	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.
DECC	Department of Energy & Climate Change. DECC was formed in 2008 from the merger of the Energy Division of BERR (now BIS) and parts of Defra.
Decommissioning	The process for removal of a plant or piece of equipment from an operational state.
Deemed contract	A contract where the contractual terms and conditions have not been expressly agreed between the supplier and the customer .
Demand	The requirement for electricity and gas.
Distribution Code	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.
DNO	Distribution Network Operator. The operator of an electricity distribution network.
Domestic customer	A customer supplied or requiring to be supplied at a domestic premises .
Domestic premises	Premises at which the supply of electricity or gas is taken wholly or mainly for domestic purposes.
Drax	Drax Group plc, a British electrical power generation company.

DSR	Demand side response.
Dual fuel	The supply of more than one energy type, eg gas and electricity. Also known as 'combined energy'.
DUoS	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 customers. Half-hourly DUoS systems calculate site specific bills for large organisations where their energy consumption is significant on a half-hourly basis.
EBIT	Earnings before interest and tax, or gross profit less indirect costs
EBSCR	Energy Balancing Significant Code Review. The process launched by Ofgem in 2012 to address long-standing concerns on electricity balancing arrangements.
EDF Energy	EDF Energy plc, a company owned by EDF S.A.; one of the Six Large Energy Firms .
Electricity Interconnector	Cross border transmission capacity connecting the electricity networks from different European member states to the grid .
Elexon	An organisation, owned by National Grid , which manages the operation of the BM for the electricity market.
EMR	The Energy Market Reform, which led to the introduction of the Capacity Market and the CfDs .
Energy consumption	Use of energy as a source of heat or power. Energy consumption is measured by a gas or electricity meter and customers are billed for the amount of energy used.
Energy efficiency	Reducing energy consumption while still maintaining similar levels of output or performance. This is usually achieved by reducing wasted energy or increasing the power efficiency of appliances.
Energy Ombudsman	An independent body that resolves disputes from consumers about energy.
Energy supplier	A company supplying electricity and/or natural gas.

Energy Supply Probe (or Probe)	Ofgem's 2008 investigation into the electricity and gas supply markets for households and small businesses.
Energy trading	The buying and selling of energy to take advantage of fluctuations in the energy market.
E.ON UK	E.ON UK plc, a company owned by E.ON SE; one of the Six Large Energy Firms .
ETS/EU ETS	Emissions Trading Scheme/EU Emissions Trading Scheme. One of the policies introduced across Europe to reduce carbon emissions and combat the serious threat of climate change .
Evergreen supply contract	A supply contract which is for a period of indefinite length and does not contain a fixed-term period.
Evergreen tariff	A tariff offered in an evergreen supply contract which is available to domestic customers within the UK.
Fossil fuels	Fuels such as coal, oil and gas which have been formed from the decomposition of ancient plant and animal matter.
Gas Interconnector	Cross-border transmission capacity connecting gas transmission systems from other countries to the NTS in England, Scotland and Wales.
Gate closure	The point when bilateral trading stops and the BM system is in operation. Currently set at one hour before the start of each settlement period.
GEMA	Gas and Electricity Markets Authority. The main onshore gas and electricity regulator in Britain. GEMA is in effect the executive board of Ofgem .
Grid	The electricity transmission and distribution system for the UK.
Grid supply point	A point of connection between the transmission system and the distribution system.
GWh	Gigawatt hour. One million kilowatt hours.

Hedging	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.
IHD	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.
j	Joule. A unit of measurement for energy equal to one watt-second.
kWh	Kilowatt hour. A unit of energy used by the gas industry. Approximately equal to 0.0341 therms. One Megawatt hour (MWh) equals 103 kWh, 1 Gigawatt hour (GWh) equals 106 kWh, and 1 Terawatt hour (TWh) equals 109 kWh. Kilowatt hour – 3,600,000 joules.
Live Fixed-Term Tariff	A tariff offered in a fixed-term supply contract which continues to be capable of being entered into by all domestic customers in the region in which the tariff is available.
LNG	Liquefied natural gas. Gas cooled until it becomes liquid (-162°C) and stored in insulated metal tanks.
LOLP	Loss-of-load probability.
LPG	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.
Main price	The price applied to energy imbalances in the same direction as the overall system imbalance.
Meter reading	Process used to determine energy consumption and issue a bill for energy usage for a given period. Meter readings can be submitted online or by phone.

Microbusiness	A non-domestic customer which meets one of the following criteria: <ul style="list-style-type: none"> • Employs fewer than ten employees (or their full-time equivalent) and has an annual turnover or balance sheet no greater than €2 million. • Consumes no more than 100,000 kWh of electricity per year. • Consumes no more than 293,000 kWh of gas per year.
MW	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 500MW to 2,000MW.
National Grid	National Grid plc, owner and operator of the gas and electricity network in the UK.
NETA	New Electricity Trading Arrangements. A system of wholesale electricity trading introduced in March 2001 to replace the electricity Pool .
NGET	National Grid Electricity Transmission, a subsidiary of National Grid .
NGG	National Grid Gas, a subsidiary of National Grid .
Non-domestic customer	A customer who is not a domestic customer .
Non-domestic premises	Premises that are not domestic premises 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 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 gas to the premises.
npower	Brand used in the UK by RWE npower ; one of the Six Large Energy Firms .

NTS	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.
OCGT	Open-cycle gas turbine. Simple low-efficiency generation.
Ofgem	Office of the Gas and Electricity Markets. The UK regulator for both gas and electricity.
OTC	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.
OTC contract	A bilateral contract in which two parties agree on how a particular trade or agreement is to be settled in the future.
PCW	Price comparison website.
Plant margin	The amount by which the total installed generating plant capacity exceeds the peak demand, expressed as a percentage of the net amount of the weather-corrected peak demand less the total imports from external utilities.
Pool	The centralised system for the wholesale electricity market in England and Wales before the introduction of NETA .
Producer	Company which 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.
Project TransmiT	An independent and open review of electricity transmission charging and associated connection arrangements launched by Ofgem in 2010.
REMIT	EU Regulation 1227/2011 on Energy Market Integrity and Transparency.
RO	Renewables Obligation. The government's main policy measure to encourage the development of electricity generating capacity using renewable sources of energy in the UK.

ROC	Renewables Obligation Certificate. Certificate issued by the regulator to generators which demonstrate that they have issued one MWh of renewable electricity.
ROCE	Return on Capital Employed.
RMR	Retail Market Review. A review of the retail energy market launched by Ofgem in late 2010 due to concerns that the energy market was not working effectively for consumers.
RWE	RWE npower plc , a company owned by RWE AG; one of the Six Large Energy Firms .
SBP	System buy price. The price which electricity players that are short of electricity are charged for top-up. If SBP is the main price (the system as a whole is short) it is based on a volume-weighted average of accepted BM offers. If SBP is the reserve price (the system as a whole is long) it is based on a market index price.
Scottish Power	Company owned by Iberdrola S.A.; one of the Six Large Energy Firms .
Seasonality	A characteristic of a time series in which the data experiences regular and predictable changes which recur every calendar year. Any predictable change or pattern in a time series that recurs or repeats over a one-year period can be said to be seasonal.
SEC	Smart Energy Code. A multi-party agreement which defines the rights and obligations of energy suppliers, network operators and other relevant parties involved in the end-to-end management of smart metering in Great Britain.
Six Large Energy Firms	Centrica, EDF, E.ON, RWE npower, Scottish Power, SSE.
SLC	Standard Licence Condition.
Smart meter	A device installed for the purposes of the supply of electricity which provides the functional capability specified by DECC .
SMEs	Small- and medium-sized enterprises.

SO	System operator. The body that manages the day-to-day operation of the system; part of National Grid 's role in Great Britain for gas and electricity.
Spark spread	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.
SSE	Scottish and Southern Energy plc; one of the Six Large Energy Firms .
SSP	System sell price. The imbalance price which electricity players that are long against their contracts are paid for spill. If SSP is the main price (the system as a whole is long) it is based on a volume-weighted average of accepted BM bids. If SBP is the reserve price (the system as a whole is short) it is based on a market index price.
Supplier	A party licensed by Ofgem to sell gas and/or power to domestic and non-domestic customers .
Supply point	The metered point where gas/electricity is supplied from the network to domestic and non-domestic customers . May include multiple meter points.
SVT	Standard Variable Tariff.
System load factor	The ratio (expressed as a percentage) of the net amount of electricity generated by a power plant to the net amount which it could have generated if it were operating at its net output capacity.
TCLC	The Transmission Constraint Licence Condition.
TNUoS	Transmission Network Use of System. Charges that are paid to National Grid by those 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 demand for grid usage at that location.

TO	Transmission asset owner. The body that owns the transmission system and is responsible for its long-term maintenance and development. National Grid fulfils the role for gas and electricity in England and Wales, and also for gas in Scotland. Scottish Power is the TO for southern Scotland and Scottish Hydro-Electric for northern Scotland.
TPI	Third party intermediary. An intermediary arranging the sale and purchase of energy supplies and other services between customers and energy suppliers.
TSO	Transmission System Operator.
TWh	Terawatt-hour. A unit of energy equal to 1 million Megawatt-hours (1 billion kilowatt-hours). One TWh is equivalent to the total electricity typically used by 250,000 homes in one year.
UNC	Uniform Network Code. The Uniform Network Code covers the arrangements between NGG and the DNOs .
VI firm	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).
VLL	Value of Loss Load.
W	Watt. The conventional unit which measures the rate of flow of energy. One watt amounts to one j (joule) per second.
WACC	Weighted Average Cost of Capital.
Warm Home Discount Scheme	Scheme introduced by the government on 1 April 2011. It mandates domestic energy suppliers to provide direct and indirect support arrangements to fuel poor customers.
Xoserve	A joint venture delivering transportation transactional services for the gas market.