

Received by email

Dear Olivia

It was a pleasure meeting you yesterday at the RUK organised event at Pinsent Masons. As discussed during the event, I am sending you this email as a late response to Ofgem's recent consultation on how to get quicker more efficient grid connections.

As I mentioned I propose that one way to sidestep the cost allocation of upgrade works would be to involve third party financing institutions. In order to avoid any conflicts of interest that would inevitably arise from involving, say private Investment Banks, a workaround could be the use of the Green Investment Bank (GIB). Under the proposed model, the GIB would in effect offer some form of loan to the DNO to fund the upgrade works with the understanding that the loan would be recouped through the DNOs charges. This would mean that neither the developer has to provide the upfront capital nor the DNO (and ultimately the consumer) pay it directly or carry the risk for stranded assets (and have to justify it to the taxpayer). It would be assumed that the GIB will be able to take a longer term view on payback times, rates etc, making the scheme work without the political fall-out that could occur if a DNO was found with tax-payer funded stranded assets. In many ways the GIB would act as a buffer/conduit/facilitator, disconnecting the costs of upgrades from both the developers and more importantly the DNO. Of course whether the GIB would be open to such a scheme would need to be investigated, but there recent forays into offshore wind, mean at least, that they have an appetite for risk.

What this doesn't solve is the needs case for the work in the first place, but once again the GIB would deal with it like any other investment and have to be convinced of the business case (which could, in a best case scenario, then be brought forward jointly by the developers and the DNO).

I should probably point out that this suggestion is my own and does not necessarily reflect my organisation's views.

Best regards

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