



Bath & West Community Energy

Consultation Response to Ofgem's Minded to Position on the Access and Forward Charging Significant Code Review

August 2021

Bath & West Community Energy

Bath & West Community Energy (BWCE) is a not for profit, Community Benefit Society founded in 2010. We are working to put people at the heart of the energy transition, placing ownership and control of energy in the hands of consumers, via clean energy projects that actively involve and benefit local communities in the Bath and surrounding area.

BWCE has so far installed 12.35 MW of community owned renewable energy and has re-distributed to date over £200,000 of surplus, via local community grants, to support action on carbon reduction and fuel poverty.

BWCE has around 15MW of new capacity under development in the form of rooftop and ground mount solar and wind turbines. We are also a partner in innovation projects testing the potential for community owned electric vehicle charging networks and flexibility and grid services for small consumers.

Summary

In general, BWCE welcomes the changes proposed in Ofgem's minded to position, but perhaps unsurprisingly we don't believe that they go far enough in places, and have missed an important opportunity by passing over the creation of shared access rights.

We have addressed below the questions where we feel we have something to say.

Answers to Specific Questions

Question 3a: Do you agree with our proposals to remove the contribution to reinforcement for demand connections and reduce it for generation? Do you think there are any arguments for going further for generation under the current DUoS arrangements? Please explain why.

Yes, we agree that removing the contribution to reinforcement for demand connections and reducing it for generation is definitely a good idea. We do think there is a case for going further on the generation side as there are many areas where grid constraints are such that even the reduced costs could be prohibitive, greatly affecting the ability of certain areas to implement the level of renewable energy required to meet decarbonisation targets.

Maybe a maximum connection cost/MW could be set (for costs up to the high cost cap perhaps) that would provide greater certainty for local authorities and devolved authorities in their ability to make significant progress towards net zero.



Question 3b: What evidence do you have on the effectiveness of the current connection charging arrangements in being able to send a signal to users and what do you think will be the effect of our proposed changes? How does this vary between demand and generation connections?

The current charging arrangements for connection send a very clear signal to users that there is insufficient desire and commitment within Ofgem and the network operators to facilitate the net zero transition. We have direct experience of multiple grid offers either being turned down or coming back as too expensive in our operating area. In those areas that are highly constrained the opportunities to take action to reduce carbon emissions are severely limited.

The proposed changes will go some way to addressing the bottleneck. However, care will be needed to ward against unintended consequences. For example, without the direct payments from grid connection customers, will that create delays in delivering the required grid upgrades? So, it's good to see some thinking around transitional arrangements, for example more beneficial flexible connections, in advance of grid investment. But thought might also be needed around how to ensure and/or task DNOs to make the required investment as rapidly as is possible.

Question 3c: What are your views on the effectiveness of the current arrangements in facilitating the efficient development and investment in distribution networks? How might this change under our proposals where network companies are required to fund more of this work?

The current arrangements prevent DNOs taking strategic decisions around grid investment because they rely far too much on the investment from connection customers to drive grid upgrades. This shift in responsibility for investment will enable DNOs to be more proactive and more strategic with their investment. Though the need for creating an appropriate framework within which that strategic investment can be made in a timely manner, as referenced above, will be essential.

Question 3d: Do you agree whether the need to provide connection customers with certainty of price reduces the potential for capacity to be provided through other means such as flexibility procurement? How might this change under our proposals?

Currently the system doesn't accommodate dynamic changes on the system. Whilst there are increasing approaches to Alternative Network Management, there doesn't seem to be much focus on creating flexible connections that take into account demand fluctuations. So rather than just having a fixed timed connection, creating a dynamic timed connection that was able to respond more closely the needs of that part of the grid. This would create a stronger link for consumers between generation and demand at a local level, that would in turn encourage greater engagement with domestic DSR.

Question 4a: Do you agree with our proposal to introduce better defined non-firm access choices at distribution? Do you have comments on their proposed design?

Yes definitely agree



Question 4b: Do you agree with our proposal to introduce new time-profiled access choices at distribution? Do you have any comments on their proposed design?

Yes agree, but please see answer to Q3d with regards a more dynamic approach to time profiling.

Question 4c: Can you identify any benefits to shared access rights that we have not considered, which could impact likely take-up?

Creating shared access rights could help build more integrated and more transparent local energy systems. This in turn could create a stronger pull for domestic consumers to engage with DSR if householders could see the relationship between local renewables generation and their own demand more transparently.

Closer local matching of demand and generation as a function of how the system operates would hard wire in greater system security alongside the rapid electrification of space heating and transport growth that is forecast. Rapid growth in electricity demand could otherwise destabilise local grid balancing, creating a more significant and difficult job for centralised balancing with limited grid transparency to enable it.

The decision to not go ahead with shared access now seems to be driven at least in part by concerns about the scale of change it would bring about. But structural change cannot be avoided if we are to decarbonise the system within the rapid timescales required. There are many barriers to domestic participation in flexibility markets, with markets not encouraging take up and often directly working against it.

We would urge Ofgem to either reconsider their decision on shared access rights or at least prioritise and make rapid progress on the trials referred to and look to bring forward a similar approach again, soon.

Question 5g: Are there any specific issues you think we need to consider, as part of our work on the future role of network charges? Why are these important to consider?

Yes, we believe there needs to be greater focus and priority placed on the needs of future energy consumers and the importance of decarbonising (and securing) the energy system when considering plans around network charging. The markets for which network charging play a key role should not be blind to carbon impacts or agnostic with regards technology. Otherwise, we are creating false economies, analogous to building homes not to the highest standard, and then having to invest further to upgrade within a few years.

There is always going to be a push back to change from those that have a vested interest in the status quo. But making the rapid progress required on creating a more dynamic and transparent energy system that brings forward the technologies needed to transition to net zero will require consistent and coherent strategy across all aspects of Ofgem's scope, including network charging.