Renewable Energy Systems Limited
Beaufort Court, Egg Farm Lane, Kings Langley
Hertfordshire WD4 8LR, United Kingdom
www.res-group.com

Steve McMahon
Deputy Director, Electricity Distribution
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

By email: riioed2@ofgem.gov.uk

07/02/2022

Dear Sir/Madam,

Re: RES response to Call for Evidence on the Electricity Distribution Business Plans for RIIO-2

Introduction to RES

RES is the world's largest independent renewable energy company with operations across Europe, the Americas and Asia-Pacific. A British company, at the forefront of renewable energy development for 40 years, RES is responsible for more than 22GW of renewable energy capacity and energy storage projects worldwide. RES is active in a range of renewable energy technologies including onshore wind, offshore, solar and energy storage.

In the UK, RES has developed and/or constructed 1GW of operating wind generation capacity. We provide support services (AM and O&M) to a global operational portfolio of 7.5W of renewable projects and energy storage for a range of third-party clients. We play a critical role in ensuring the provision electricity with our teams on the ground and in our 24/7/365 control centre responsible for keeping 10% (3GW) of the UK's operating renewable capacity running.

RES wants to play an active part in the UK's energy future, ensuring our projects contribute to decarbonising the energy system at least cost to the consumer, in line with RES' vision to be a leader in the transition to a future where everyone has access to affordable zero carbon energy. We therefore welcome this opportunity to respond to the Call for Evidence on the Electricity Distribution Business Plans for RIIO-2 and we are happy for our response to be published.

Executive Summary

The Electricity Distribution licensees have the potential to be one of the key enablers of an economic and efficient transition to net zero by 2050 and also to deliver the target a decarbonised power system by 2035. Such fundamental change to our energy system requires urgent investment in new infrastructure, systems and customer engagement. The RIIO ED2 business plans are therefore critical in setting the GB distribution networks on a path to meet these targets. Under invest at this stage and it may not be possible to make up lost ground. We therefore welcome the ED2 business plana and also the opportunity to respond to this Call for Evidence.

Distribution System Operator (DSO)

We welcome the DSO strategies proposed in all of the ED2 business plans although it is clear that there is still a lot of work to do develop and implement meaningful DSO businesses. The variations in detail of strategy, governance and claimed benefits, primarily in terms of procured flexibility and deferred load related investment speak to the "in progress" nature of the DSO concept as a whole. If DSO is to engage with flexibility markets in a manner that will effectively contribute to the delivery of net zero by 2050 and a fully decarbonised power system by 2035, there needs to be greater standardisation and injection of momentum into all aspects of the DSO model.

Of particular interest is the variation in approach in terms of DSO governance. Some DNOs have included plans for a high degree of DSO separation and independence. For example, UKPN is proposing to establish a legally separate DSO entity and WPD is proposing to establish a separate DSO directorate. Other DNOs like NPG and ENW appear to plan to progress DSO fully integrated within the wider DNO business albeit subject to transparency and audit measures. There are many factors that vary within individual DNO businesses, scale being a significant one, that would be likely to justify this variation in approach however this seems unlikely to be sustainable on an enduring basis within an efficient Net Zero whole energy system.

We request that Ofgem encourage standardisation in this area.

New Connections

We welcome the major connections strategies proposed by the DNOs and support the introduction of measures such as improved potential to "self-serve" in terms of investigating connection options including firm and non-firm / flexible options. On a related matter, we also welcome Ofgem's minded-to position to introduce better-defined non-firm access options for distribution connected users as set out in the recent Access and Forward-looking Charges Consultation on Updates to Minded to Positions document.

However, crucial to the effectiveness of the offering of flexible connections will be the network operational data that accompanies such offers and the associated connection offer terms. Currently, DNOs only offer "worst case" assessment of likely grid related constraint associated with a flexible connection opportunity which usually renders the connection and therefore the project uninvest able. It is almost always left to the developer to procure a study from a 3rd party expert consultation in order to obtain a realistic view of grid driven constraint under foreseeable normal operating conditions.

Ofgem must work with the DNOs to find a way to address risks that the DNOs perceive in providing a normal operating conditions view of likely grid related constraint associated with a flexible connection because, under current practice, such studies are effectively wasted effort and will likely suppress the essential roll out of flexible connections.

Load Related Investment

We note that the UKPN ED2 business plan identifies the need to invest "strategically" ahead of demand in areas where there is a high certainty of need. It is essential that DNOs are in a position to undertake such investment if they are to be in a position to truly enable the grid integration of essential new flexibility and distributed generation, which will deliver significant benefits to the customer as well as contribute to the transition to net zero. With this in mind, we would make the following observations in relation to the Load Related Investments set out in the ED2 business plans.

Western Power Distribution

East Midlands

We note EJP 169 Staythorpe to Hawton 132kV circuit reinforcement and EJP 114 Staythorpe GSP Reinforcement within the WPD East Midlands "Best View" load related reinforcement schemes. We fully support this proposed investment; it is required to enable the grid connection of a RES large solar farm project as well as other essential new renewables in the area.

South West

We note EJP 125 Indian Queens GSP 132kV Fault Level Reinforcement and EJP 118 Alverdiscott / Indian Queens GSP Group Reinforcement New GWSP and BSP within the WPD South West "Best View" load related reinforcement schemes. We fully support this proposed investment; it is required to enable the grid connection of two RES large solar farms in that area.

South Wales

We note EJP179 Pembroke 132kV Network Reinforcement within the WPD South Wales "Best View" load related reinforcement schemes. We fully support this proposed investment; it is required to enable the grid connection of one RES large solar farms in the Pembroke area.

Scottish and Southern Electricity

Southern

We note SSEN proposal reference 119/SEPD/LRE/OXFORD Oxford (Osney) GSP 132kV circuits listed as Strategic Investment within business plan Annex 12 (page 157). We strongly support timely delivery of this investment because it is necessary for two large RES solar farms as well as other new renewables investments in the area.

We also note SSEN proposal reference 59/SEPD/LRE/BRAMLEY_THATCHAM Bramley – Thatcham – Andover 132kV reinforcement within business plan Annex 12 (page 156). We welcome its inclusion within the proposed investment baseline and support timely delivery in order to enable connection of one RES solar farms as well as other new renewables investments in the area.

Uncertainty Mechanism – Access SCR

Given the ongoing uncertainty surrounding the Access and Forward-Looking Charges SCR with particular focus on the likely change to the distribution connection charging boundary, it is understandable that DNOs are seeking an Uncertainty Mechanism to allow efficient management of change to expected network reinforcement associated with new connections.

It is apparent that there is a range of views among the DNOs of the likely impact of the change to distribution connection charging boundary and also different approaches to preferred uncertainty mechanism. It seems to us that flexibility in required network investment associated with Access SCR is likely to be reasonably deterministic and any associated uncertainty mechanism needs to be time efficient if it is not to delay investment that is likely to be required to enable the connection of new low carbon technologies essential for net zero at least cost to the energy consumer. **We therefore encourage Ofgem to adopt an approach that is low in regulatory intervention, such as a volume driver**, so that the impact of this pending change can be managed with minimal delay and with low risk to the energy consumer.

We are keen to engage further on the RIIO ED2 business plans and more broadly in relation to the UK's transition to net zero. We would be happy to answer any further questions on our evidence or provide additional information if required.

Yours faithfully,

Kate Dooley
Policy & Regulatory Affairs Manager
kate.dooley@res-group.com | www.res-group.com

Committed to a future where everyone has access to affordable zero carbon energy