

Our ref : EME response to draft DG BPQ
Your ref : DPCR/DG/mz0303

Min Zhu
Ofgem
9 Millbank
SW1P 3GE

16 April 2003

EME response to draft DG BPQ

Dear Min

Having reviewed the draft business plan questionnaire for distributed generation we have a number of observations to make.

We believe that the general structure of the DG-BPQ is clear.

With regard to the appropriateness of the areas of information identified:

- Historical cost information is not necessarily a good indicator of future cost. This is especially true of generation given that a generator can have widespread network impact. Hence the cost of connecting a new generator during DR4 could be considerably higher than historical averages because a generator has been connected in the same area during DR3, effectively utilising existing network capacity
- Particular care is required around the definition of items such as "direct costs" and "percentage return". Without agreed definitions we would regard it as inappropriate to try and create such a breakdown of costs.

With regard to the availability and quality of the identified information within EME:

- The DG-BPQ is essentially asking for cost information in a format that it has not historically been created in and is not currently being created in (e.g. sole-use / shared-use split). It should be clearly recognised that this is because the current regulatory arrangements do not require or necessitate it.
- The management information/ project tracking systems that exist in EME do not have the majority of information in them that the draft DG-BPQ suggests. To collect such information, detailed paper-based project files would have to be retrieved from off-site storage and manually trawled through.
- In some instances the information requested will not exist in the project files, and would have to be "back engineered". This is particularly true of the shared-use & sole-use split. This amounts to a re-quotation of the work.

- An initial indication of the work required to retrieve a project file, become familiar with the contents, search for any missing information, and re-cut costs is 2 days for an engineer. The engineering resource required to carry out this work is not immediately available, and would probably have to be contracted in
- It should be noted that the working project files are retained for a limited period only, and many of the files associated with the DR2 period will no longer exist
- Further comment on availability of data items is included in an attachment to this letter

We would suggest that an appropriate and adequate return of DG enquiry/application information would provide for each generator connection:

- Summary information about the generator connection (energy source, capacity, connection voltage, location)
- The connection charge levied on the customer
- Indicative split of connection charge for sole-use and shared use assets

EME currently has no suggestions for additional information that should be added to the DG-BPQ.

In addition, you have requested a first indication of specific information:

- Around 30 DG projects commissioned between 1/4/00 & 31/3/03 with a total capacity of less than 100MW
- Information for the DR2 period indicates similar orders of projects and capacity

Finally, you have asked for comment on section 4 (future incremental DG information):

- We do not think that a point estimate of cost is a reasonable indication for a particular scenario given the level of uncertainty that will surround aspects of the scenario (e.g. generator location). Therefore, we would strongly prefer a cost range to be given for each scenario.
- The key indicator that would define a scenario is the total DG capacity to be accommodated. Clearly this level of capacity could be achieved through a number of energy source mixes (i.e. wind, biomass etc), with a variety of plant numbers/sizes and a variety of plant locations (within the confines of the energy source (e.g. off-shore wind). This mix of energy source, plant number/sizes and location will then determine a minimum (likely) cost and a maximum (likely) cost for a particular DG capacity; hence a range of cost.
- It is important that the assumptions used by a DNO to establish a high cost and a low cost are robust enough to stand reasonable scrutiny (without hindsight!)
- We anticipate that 3 scenarios (of installed DG capacity) are a reasonable compromise

Yours sincerely

Chris Harrap
EME Distributed Generation Project Manager

cc Paul Eveleigh, East Midlands Electricity

Attachment to EME response to draft DG-BPQ

| Table | Item | Comment |
|-------|---|---|
| 1.1a | Fuel/ technology | Whilst this information is being provided to WS1 of TSG it's completeness & accuracy is not total and further work would be required for a DR BPQ |
| 1.1a | Generator capacity | |
| 1.1a | Average annual output | This information is (obviously) only available for customers that have export metering. There are generators that run in parallel with our system but do not ordinarily export. |
| 1.1a | Dates associated with new connection | The completeness of data in management information is not high. Therefore considerable reference to other sources would have to be made if this a complete data return was required |
| 1.1b | Connection voltage, identify of primary sub-station, feeder/sub connection | This information is not available as management information and would have to be collated from a variety of sources |
| 1.1b | Sole-use assets installed and remaining table 1.1b items | As stated in the letter, projects are not quoted in this way and a re-quote would be require to establish these figures. |
| 1.1c | Total connection charge | This information is not always available for individual projects in management information. Obviously it is contained in correspondence between the customer and EME. However, this also requires manual trawls of paper files, that are stored in off-site archives. |
| 1.1c | Proportion of connection charge annualised, no of years for connection charge | EME has not offered annualised charges and therefore it can be assumed that this will always be zero |
| 1.1c | Average duration of constraints, and has not made any constraint payments | EME has no records to provide information from |
| 1.1c | Type of ancillary services provided by DG, payment for ancillary services | EME has no records of services procured from DG. |
| 1.1c | Line loss factor | This information is available |
| 1.1c | Implication on QoS performance | In general the design basis has been for "passive" connection which has negligible impact on the network. |
| 1.2a | Reason for requiring work | This will not have been explicitly recorded and would require manual examination of the working files |
| 1.2a | Shared assets installed, and remaining data items in table 1.2a | As stated in the letter, projects are not quoted in this way and a re-quote would be require to establish these figures. |
| 1.2b | How DG has helped to avoid DNO costs | EME has no records of such instances |

Note: It should be recognised that if projects are at the feasibility or application processing stage then a limited number of information fields will be completed.