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17 April 2003

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Dear Min

Distribution Price Control Review – Business Plan Questionnaire Relating to Distributed Generation

We are pleased to have this opportunity to contribute to the development of a Distributed Generation Business Plan Questionnaire (DG-BPQ). We have reviewed the tables and grouped our detailed comments (attached separately) into two areas:

- i) Appropriateness of Information.
- ii) Availability & Quality of Information.

The overall structure of the DG-BPQ is logical with the timeframe for each set of schedules clearly defined. While we support the formulation of this dataset, the reality is that much of the information is either not available or difficult to obtain. The availability and quality will depend on the type of generator:

- For generators that are registered to sell their export, either to Suppliers or Generator Parties, information is held in definitive record systems. These systems exclude generation embedded in a customer's network, some smaller generators and those which 'spill' their output.
- For other generation projects we would have to search through our records of design quotations to find more information. This will yield more information for larger 11kV connections and above, which are handled in two central locations. For smaller generators the effort involved would be substantially greater, as these are managed in network areas and information is recorded in different formats and systems that are not easy to access.

The effort required to collate historic information will need to be weighed against the value that might be accrued from it. The historic information will generally be derived from generators that were operating under a NFFO or SRO contract. Many facets of these connections differ significantly from the current market, which is stimulated by the Renewables Obligations. We

have observed a level of activity that is an order of magnitude greater than historic levels and the characteristics of the schemes are also different.

It is also important to consider what impact a change in connection charging from deep to shallow might have. We consider it highly likely that the geographic dispersal and typical size of projects will be the same under even a 'shallowish' connection policy as it was under a deep policy

We therefore suggest that while historic information will provide useful background, its importance in setting any elements of future Price Control Reviews will be limited. On this basis we propose that the request for historic information is limited to that which is more readily accessible, i.e. the connections that have been handled centrally by our design departments.

Centrally Managed Projects	1995 - 2000		2000 - 2003	
	Projects	Capacity (MW)	Projects	Capacity (MW)
SP Distribution	9	74	11	91
SP Manweb	10	315	17	147

We support a 'scenario' type approach to establishing possible future funding requirements. A number of factors could be used to build these scenarios. To concentrate only on 'firm' connection applications would dilute the usefulness of the exercise. For the scenarios to be useful in terms of building an efficient network for the long term, some cognisance will need to be taken of other expressions of interest from developers, and indeed local knowledge has a role to play. Using analysis of this type we have identified areas within our network that will be barriers to deployment of DG unless they are reinforced. Outside these specific areas it should still be feasible to provide some forecast of future costs.

We think it would be helpful if DNOs were asked to provide explanatory notes and free-style text in the final version of the BPQ, in order that the information that they consider relevant at the time can also be included in the submission. While this will make comparisons between companies more difficult it will enable a more complete picture to be presented. In any case there is likely to be limited comparability between companies on this topic for the forthcoming period due to factors outside the control of DNOs. The emphasis for this price review has to be on enabling pragmatic steps to be taken rather than perfecting the final outcome. We remain committed to working with Ofgem in this important area to find workable solutions.

Yours sincerely

Dave Fort
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