

## **“Innovation and Registered Power Zones”**

Response by **ALSTOM T&D Ltd**

to **Ofgem Discussion Paper July 2003**

ALSTOM T&D is a leading supplier of systems, products and services to the Transmission and Distribution industries, both in the UK and world-wide.

ALSTOM T&D is grateful for the opportunity to study, and comment upon, this Paper. We welcome and support Ofgem’s initiative of publishing the discussion paper on the concept of Registered Power Zones (RPZ) for Distribution Network Operators (DNOs), and approaching manufacturers to participate in the discussions. Clearly, this is a coherent approach to develop ideas on promoting efficient investment by companies in order to accommodate the growing capacity of Distributed Generation (DG).

From its position as a supplier, ALSTOM T&D has no comment to make concerning the detailed structure of incentives proposed in the Discussion Paper.

However, ALSTOM T&D recognises the potential impact of connecting significant generation capacity directly to the Distribution Network, and the market opportunities offered by the installation and accommodation of such growth. It is our ambition to be an early participant in these markets as they develop.

The new technologies necessary to enable the benefits of distributed generation require investment by manufacturers, who need appropriate incentives. These will include the probability of acceptable returns from future sales, but could be encouraged by targeted R&D support policies and also by sufficient confidence that the DNOs share the necessary vision and would be prepared to provide demonstration sites.



ALSTOM T&D is investing significant amounts in R&D programmes in several relevant technologies. We are already working with leading universities in the UK; we participate in European collaborative programmes and are in discussion with EC policymakers. We already participate in relevant technical groups and have agreed to provide specialist technical advice to an associated IEE initiative.

It is our impression that the present level of investment in relevant innovation by UK DNOs is insufficient to enable this potential to be tested, let alone realised. We therefore believe that incentive measures are necessary to encourage all UK DNOs to recognise, support and host innovative solutions.

ALSTOM T&D therefore welcomes this Ofgem initiative.

22 August 2003