

**Our Ref** RA/PXM/14.0  
**Your Ref**

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**Date** 17<sup>th</sup> January 2005



Dear Colin

**Re.: DG-RIGs Version 1 (Draft 2)**

Thank you for the opportunity to comment on your second draft of version 1 of the Distributed Generation Incentive, Innovation Funding Incentive and Registered Power Zones RIGs (DG-RIGs).

EDF Energy supports the draft DG-RIGs and believe that they will help build confidence and transparency in reporting of the data once they are implemented. We have identified a few points which are outlined below which we ask you to consider.

**DG Network Unavailability**

As outlined in an email to Min Zhu from Tony Woods, the current drafting of the DG-RIGs contradicts the DPCR Final Proposals with respect to the handling of DG Network Unavailability for LV customers. We support the methodology detailed in the DPCR Final Proposals document whereby the Distributed Generation Network Unavailability incentive applies only to HV connected Distributed Generation (DG) customers and Guaranteed Service Standards apply for LV customers. We therefore propose that the DG-RIGs are amended to match the DPCR final proposals.

The current drafting of the DG-RIGs implies that host DNOs are liable for payments to distributed generators on IDNO/private networks under the unavailability scheme, as these generators would qualify as "relevant DG". Our interpretation is that we would only be liable for a payment where a physical break in our network causes an interruption to the supply to the IDNO and therefore the distributed generator. If the failure occurs on the IDNO network then the latter would be responsible for the payment to the generator.

We believe that Ofgem must undertake work in tandem with that already underway for demand customer outage payments on IDNO networks to ensure that distributed generation customers get payments - promptly - where they are due.

**Connection Start Date**

We would also request a modification to the definition of Connection Start Date. We are not clear what is achieved by the inclusion of "according to the agreements between the DNO and the relevant agents..." and "...the DG being eligible for use of system charges" as these phrases do not add clarity to the definition.

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Therefore we propose that they are deleted and additionally suggest that the Connection Start Date is defined as the date of “energisation” as recorded in registration systems by all DNOs. This would apply to new connections or the date of notification or confirmation of any increase in generation capacity on existing DG sites. It is also worth noting that for existing demand customers this is the date that DUoS charges commence and this will provide a more consistent and robust definition than that in the draft DG-RIGs.

### **Transitional Arrangements**

We note that there is a change to the description of relevant DG in the current draft of the RIGs so as to restrict its scope. In the previous draft, relevant DG was defined as generation which:

- Was connected to the DNOs licensed network (and independent/private networks connected directly to the DNOs network); and
- Had a connection start date on or after 1<sup>st</sup> April 2005.

However, in the current version there is a new additional clause relating to the generator having paid the connection charge **and** being connected after 1<sup>st</sup> April 2005.

We would be interested to know what has prompted the inclusion of the above point and whether its effects on the transitional situation are intentional. We believe that the retention of the previous draft wording would better implement the current Structure of Distribution Charges work and see this model reach maturity sooner.

### **Total Capex for DG**

The RIGs, as drafted, state that total capex relates to expenditure incurred by the DNO only. It will therefore not include the full costs of connecting DG where the contestable works were carried out by an ICP. This means that the figures quoted by DNOs in their returns will not reflect the true cost of connecting the DG. Ofgem must consider this if they intend to utilise this information to calculate the average costs of connecting distributed generation.

### **DNO Legal Issues Working Group**

The points we have outlined above are in addition to the response provided by the DNO Legal Issues Working Group and we support the draft that they have submitted to Ofgem.

If you have any queries please do not hesitate to contact me.

Yours sincerely



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