

Breakout group 2

Structure of charges workshop 24 May 2005

These slides were prepared by an industry group, and do not represent Ofgem views

Generator charging from 2010

- What are the options for bringing existing generators into the longer term arrangements, and how should the timing of this process be handled?
 - Do nothing – property rights/regulatory risk
 - Some Deep generators actually paid shallow
 - Fairness for those who paid for reinforcement
 - Methodology for valuation, credit & payment needed
 - Consistency across DNOs & between DNO customers

DG and deferred expenditure

- What are the benefits that parties might bring to the system?
 - Deferred expenditure, but lumpy vs smooth, location of generation in relation to demand
 - Losses, but how is it paid for?
 - System support
 - Voltage

DG and deferred expenditure

- How can these be accurately quantified and attributed?
 - P2/5 vs. P2/6, but single generator effect and not probabilistic
 - 20-30% smoothly distributed can influence planning
- What are the practical issues associated with this issue?
 - How to reflect into DNO Price Control
 - What about the BM issues?
- Scenario planning
 - What about the strategic wave
 - Ofgem lead or follow?

Reactive power

- What is the best way to identify and reflect the costs of poor power factor, and incentivise efficient operation?
 - DNOs want predictable performance in context of mainly 0.95 PF
 - NB Grid Code issues produce disjoint at DNO/NGC interface
- How should the differences between demand and generator power factor be handled in charges?
 - In general only as generator providing ancillary services
- What physical (eg metering) restrictions might have an effect?
 - Issue Suppliers/MOPs
 - Billing systems legacy change costs

Interaction with transmission charging

- Are there issues over the interaction of transmission and distribution charges, and if so, which are within the scope of this project?
 - Exporting gspgs
 - DNO TEC?
 - No easy answers, discrimination, firmness of access to DNO network
 - DUoS systems 'work' for importing gspgs
 - Consistency across DNOs

Changes to charges

- If revised arrangements cause disturbances in charges, how should these be handled?
 - RIA?
 - Transparency, timely signalled limited intervention
 - Sort the principles now!
 - Volatility is an issue
 - Govt policy

- Do disturbances remain an issue as transparency of the charge setting process increases?