

# Central Networks and United Utilities proposed UoS charging modifications – reactive power

Summary of responses to December 2005 consultation

## Are the proposed charging modifications cost reflective?

- Responses generally agree that reactive power demand increases network costs (capacity and losses)
- CN and UU's proposals incorporate charging models which assume a power factor of 0.95
- Modifications designed to recover incremental cost of providing capacity with a pf of less than 0.95
- Some support for this position (EDF, energywatch, SSE)

## Are the proposed charging modifications cost reflective ?

- CoCal and RWE – double counting possible: KVA availability charges already recover some of reactive power costs; additional kVAr based charges will lead to double counting
- Laing, Lively, REA - suggest charges for reactive power must be balanced with rewards for the generation of reactive power.

## Should reactive power charges be applied to Generators?

- UU already charge, CN do not propose charge
- Econnect, REA, RWE – oppose charge for generator not clear that they increase network costs
- Econnect, RWE - metering not sophisticated enough to determine between reactive power usage during real power export or real power import
- REA, RWE - concern that charges levied on generators who are operating at a poor pf when providing a service to DNOs

## Other issues raised

- IDNOs: may not be able to pass on charge
- Revenue concerns: reactive charges are an excluded service
- Reactive power demand increases network costs via losses. Costs are second order, do not fall on the DNOs, and are difficult to take into account
- Consistency of charging desirable, but proposed modifications judged as to whether or not they *better* achieve the relevant objectives

A large, central version of the ofgem logo is positioned in the middle of the slide. It features the word "ofgem" in white lowercase letters on a rounded orange background. The background of the slide is a light blue gradient with a faint image of a person sitting at a desk with a computer monitor and keyboard, and a close-up of a power plug and socket.

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