

A faded background image showing various electrical components, including a three-pin UK power plug and a circuit breaker or fuse unit.

## Transmission Arrangements for Distributed Generation ("TADG") Working Group

**TADG 1<sup>st</sup> Meeting - July 2006**  
**London**

## Overview and process to date

**TADG 1<sup>st</sup> Meeting – July 2006**

## Background

- Developments (e.g. BETTA, RO) in regulatory arrangements and incentives to connect new generation have meant that the traditional pattern of network usage has altered
- With continued growth of distributed generation (DG), GSPs are increasingly likely to export to the transmission system at some times rather than import at all times
- **Are the existing transmission charging and contractual arrangements for DG appropriate on an enduring basis?**
- If not, then how should they be changed?

## Background (cont.)

- Concerns expressed to Ofgem during GB charging process
  - Impact of DG on the transmission system
  - Cost-reflectivity of transmission charges
  - Perverse incentives – voltage, location, size
  - Interaction with access issues
- Detailed review deferred until after BETTA
- Ofgem announced intention to consult on key issues and possible options as first stage in that process

## Interrelated work areas

- Ongoing work areas relevant to arrangements for DG:
  - GB charging conditions
  - Distribution charging
  - Change proposals to industry codes (CUSC, Grid Code, BSC)
  - Access to the GB transmission system (ARODG)
  - Energy Networks Strategy Group
  - Energy Review
- **Focus here is on transmission charging & contractual arrangements to reflect impact of DG on transmission network**

## Process to date

- Sep 2005 Ofgem discussion document, responses by 9 Dec
- Jan 2006 Ofgem industry workshops in Glasgow & London
- Feb 2006 Ofgem requests data from DNO's
- May 2006 Ofgem further thoughts document
- Jun 2006 Ofgem open letter on TADG working group
- **Jul 2006 First meeting of TADG working group**

## Options considered in Discussion Document

1. Do nothing
2. De-energise plant that spills
3. Amendments to the charging model
4. Extend the DCLF ICRP model to parts of the distribution network
5. Amend use of size definitions as the basis for charging and contractual arrangements
6. Create consistent liability for charges
7. Agency arrangements – supplier, DNO, DSO



Degree of change

## Views expressed

- 19 responses received, wide range of views
- Broad support for either of
  - Do nothing (6 for v. 9 against)
  - Agency style options (9 for v. 4 against)... depending on view on materiality of issues
- Little support for options 2 – 5, some support for option 6
- Issue is wider than transmission charging
- Difficulties in progressing a holistic solution
- Need for Ofgem involvement going forward



## Ofgem's Further Thoughts

- Informed by industry views and data provided by DNO's
- **Current transmission charging and contractual arrangements for DG do require review**
- Issues of access, control and planning are also relevant
- Minimal change options may not address all areas of concern
- Agency models have most potential to deliver robust enduring solution, but may be complex to develop
- Any change to existing arrangements must be justified

## Ofgem's Further Thoughts (cont.)

- Way forward should be industry driven
- Open to parties to submit change proposals to industry codes and documents
- Recognise complexity of issues and potential for options cut across multiple documents
- Role for Ofgem to facilitate and co-ordinate development of holistic options by the industry
- **TADG working group set up**

## TADG working group

- Similar to ARODG, but operating over longer timescales
- **Tasked with developing specific options for change** which are:
  - achievable in medium term
  - capable of addressing identified areas of concern with current arrangements
- **Build on findings of the consultation process to date**
- Focus on agency models and associated implementation issues

## TADG working group (cont.)

- Requested by the industry, proactive contributions required
- Role is to develop options in terms of identifying associated packages of changes to industry codes and documents
- Intended as helpful pre-cursor to (and not a substitute for) parties raising specific change proposals
- **Its establishment does not affect, in any way, Ofgem's formal decision-making role under relevant code modification processes**



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