

A background image showing a close-up of electrical components, including a blue plastic electrical outlet and a white electrical plug, with a blue tint.

Microgeneration and Distribution Networks and the Ofgem/Govt. joint project on Distributed Energy

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Agenda

1. Microgeneration and distribution networks
 - a. connections
 - b. charges
 - c. incentives

2. The joint Government/Ofgem project on Distributed Energy
 - a. purpose
 - b. scope
 - c. timetable

1. Microgeneration and distribution networks

Connections

- For domestic scale units:
 - “fit and inform” (plug and play – no DNO involvement prior to connection)
 - final legal barrier removed 9 October (via DCUSA)

- For larger or multiple units:
 - normal connection process applies
 - currently reviewing electricity connections, to promote competition and improve DNO performance

Charging

- Most distributors charges for non-half-hourly metered exports = 0
- Example charge: EDF Energy £2.45/year (profile class 1 and 2)
- We will seek justification if to continue
- More generally, continuing to press distributors to set charges to reflect benefits of embedded generation where applicable ... some signs of progress

Longer term incentives

- Revenue driver
 - 50% load growth (import substitution impact) partly as proxy for reinforcement cost for large connections
 - offset by losses incentive and DG incentive £/kW
- Incentive to invest
 - usual criticism is asset-sweating... if DG reduces costs then RPI-X provides incentive
 - DG-related investment gets higher expected return
- Overall impact not clear (not material for domestic scale)
- Will review for next price control

2. Joint Government/Ofgem review of Distributed Energy

Purpose

- Energy Review commitment
 - comprehensive review of incentives and barriers

- Lots of workstreams underway
 - holistic review from developer perspective
 - complement not duplicate

- Recognise benefits of DE
 - more efficient use of fuels; reduced losses; improved flexibility; new entrants; improve awareness
 - so: what can we do to unlock potential?

Scope

- All distribution-connected and on-site generation
- All CHP
- Non-gas heat sources

Or alternatively

- Microgeneration
- CHP (industrial and community-scale)
- Renewables connected to distribution
- Renewable heat-only technologies

Current Timetable

- w/c 23 October
 - Call for evidence published

- November onwards
 - stakeholder events, further bilateral meetings

- December
 - submissions due

- Spring 2007
 - conclusions



Promoting choice and value for all
gas and electricity consumers