



Promoting choice and value  
for all gas and electricity customers

# P2/6 and regulatory requirements

14 September 2007

## Agenda

- Current licence requirement
- Issues
- Options for change
- Timetable & DPCR5

## Current licence requirement

- SLC5, paragraph 1:
  - “The licensee shall plan and develop its distribution system in accordance with a standard not less than that set out in Engineering Recommendation P.2/6 of the Energy Networks Association in so far as applicable to it or ...” another approved standard
- P.2/6
  - describes itself as a “guide to system planning” rather than a planning standard
  - “departure from the recommended normal level of security” may be justified

## Issues

- Under what circumstances would a network outside P2/6 table 1 constitute licence breach?
  - e.g. planning horizon vs actual demand changes
  - unless justified in particular case
  - dependent on development plans
  - need for derogations
- “Self-regulation” for load groups A-C
- Designing the network to meet demand
  - accommodates DG but little use of demand variation
- What network development should the price control fund?
  - less than P2/6 table 1?

## Options

- i. Do nothing.
- ii. Delete licence requirement on ER P2/6
- iii. Change wording of P2/6 to clarify obligation
- iv. Change wording of SLC 5 (1) to clarify/change obligation –  
e.g. reference to a new document

## Timetable and DPCR5

- Changes to SLC5: could wrap into licence review (consultation October for implementation March 2008) or DPCR5
- Changes to P2/6:
  - if clarificatory, timing not critical
  - if substantive, possible link to DPCR5 timing but not essential?
- DPCR5:
  - general intent to complete context first half 2008 (DNOs want February 2008?) – includes customer survey, LENS, P2/7?
  - DNOs to set out business planning options in summer 2008, finalise early 2009

The logo for Ofgem, consisting of the word "ofgem" in a white, lowercase, sans-serif font, centered within a solid orange rounded rectangle. The background of the slide features a collage of images: solar panels on the left, a hand holding a document on the right, and a close-up of a gas meter at the bottom. A dark blue header bar is at the top.

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