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By 21st September 2007

Dear John,

### **Electricity Distribution Network Planning – Engineering Recommendation P2/6**

The Renewable Energy Association is pleased to offer some comments in response to the above consultation. As you are aware, the REA is an industry association representing producers of renewable energy with over 520 members, active across the range of renewable energy forms.

We will concentrate our comments on matters relating to the treatment of generation.

There is a balance between achieving the desired level of security through a very prescriptive and detailed standard, or by imposing a general licence duty on DNOs to plan a secure network. Whichever route is chosen there must be sufficient transparency to demonstrate why particular network designs were applied. It is important that parties seeking connection have a full understanding of how decisions on the network design are made.

On the more general issues we recognise that there is a continuum between two extremes as regards how prescriptive to be in a licence imposed standard as opposed to concentrating on more general licence duties and output incentive arrangements. At one extreme there could be a prescriptive standard, imposed by licence that would dictate the standard of security that the network had to be designed to. Such a standard would however have to include provision for any baseline standard of security to be raised or lowered if either justified by a cost benefit analysis or requested by a customer (and the choice did not adversely affect other customers). At the other extreme there would be a general licence duty to plan a secure and economic system plus incentives based on outcomes. Both of these options (and any variant in between) ought to produce the same end result and the choice is best determined by considerations of how much data would be needed to create the necessary transparency as to why particular network designs were applied. Whilst the least prescription is theoretically the best solution the more prescription there is the easier it is to justify particular decisions. It is important that parties seeking connection have a full understanding of how decisions on the network design are made.

As regards the interaction between P2/6 and generation we are completely open about whether all of the issues should be dealt with within P2/6 (or its successor) or some or all of them within another document. It is however clear that there is going to be a significant increase in generation connected to distribution networks and so these matters do need to be dealt with somewhere. The main issues are:

- How the effect of generation on deferring reinforcement is taken into account
- What standards are there for securing the output of distribution connected generation
- How through flows are dealt with (the “distribution sandwich” issue)

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### **Effect of generation on deferring reinforcement**

It is probably too early to judge how effectively P2/6 takes account of generation avoiding the need for system reinforcement. One matter that is of concern however is the de-minimis rule and its interaction with certain proposed charging methodologies. The rule is actually in ETR 130 (referenced in P2/6 itself) and states that where the generation capacity is less than 5% of group demand or 100kw, it need not be taken into account in securing the group. That may be a general pragmatic rule but certainly is not appropriate when that amount of generation would actually defer the need for reinforcement.

More importantly for those charging methodologies that are based on the P2/6 contribution to security, it is important that this provision is ignored for the purpose of setting charges as it will provide a welcome incentive to connect distributed generation when the penetration of that generation is low. In other words it is not acceptable for the purposes of setting charges for generation to discount the benefit of a small amount of generation on the grounds that it is below the de-minimis threshold.

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### **Standards for securing the output of distribution connected generation**

There are no proposals to have explicit standards for the security for exports from a generator either onto a distribution network or as an export between a distribution system and the transmission system. Whilst choice and flexibility are valuable there should be a recognised base line of the level of security to be provided in a standard connection arrangement, whether onto a distribution system or as an export from a distribution network to the transmission system. It is only by having such a base line and associated reference level of commercial firmness that there can be sensible discussions about deviation from this level and the associated risks and commercial consequences of this. In the absence of such a reference level any differences of opinion as to how a prospective generator is to be connected essentially take place “in a vacuum” which is likely not to be the most efficient method of proceeding particularly if the number of generation connections increases significantly.

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## The "distribution sandwich" issue

This arises where an offshore transmission system is connected to an onshore distribution network. That network may or may not export to the onshore transmission system but clearly the (offshore) transmission connected generator is relying on the distribution network for his access to the system.

The contribution this incoming generation makes to security of supply and its rights and obligations in relation to the transmission and distribution networks need to be laid down somewhere. This may be through a separate standard for distribution sandwich arrangements or within p2/6. If it is done through a separate standard, this would need to have clear governance arrangements.

I hope you find these comments helpful.

Yours sincerely

Gaynor Hartnell  
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