P2/6

UU’s comments on Ofgem’s 1 August Open Letter

Agenda

- Current Drafting Issues
- DG
- Value of Security
- Construction Outages
- IIS
- Transmission
- Environmental Issues

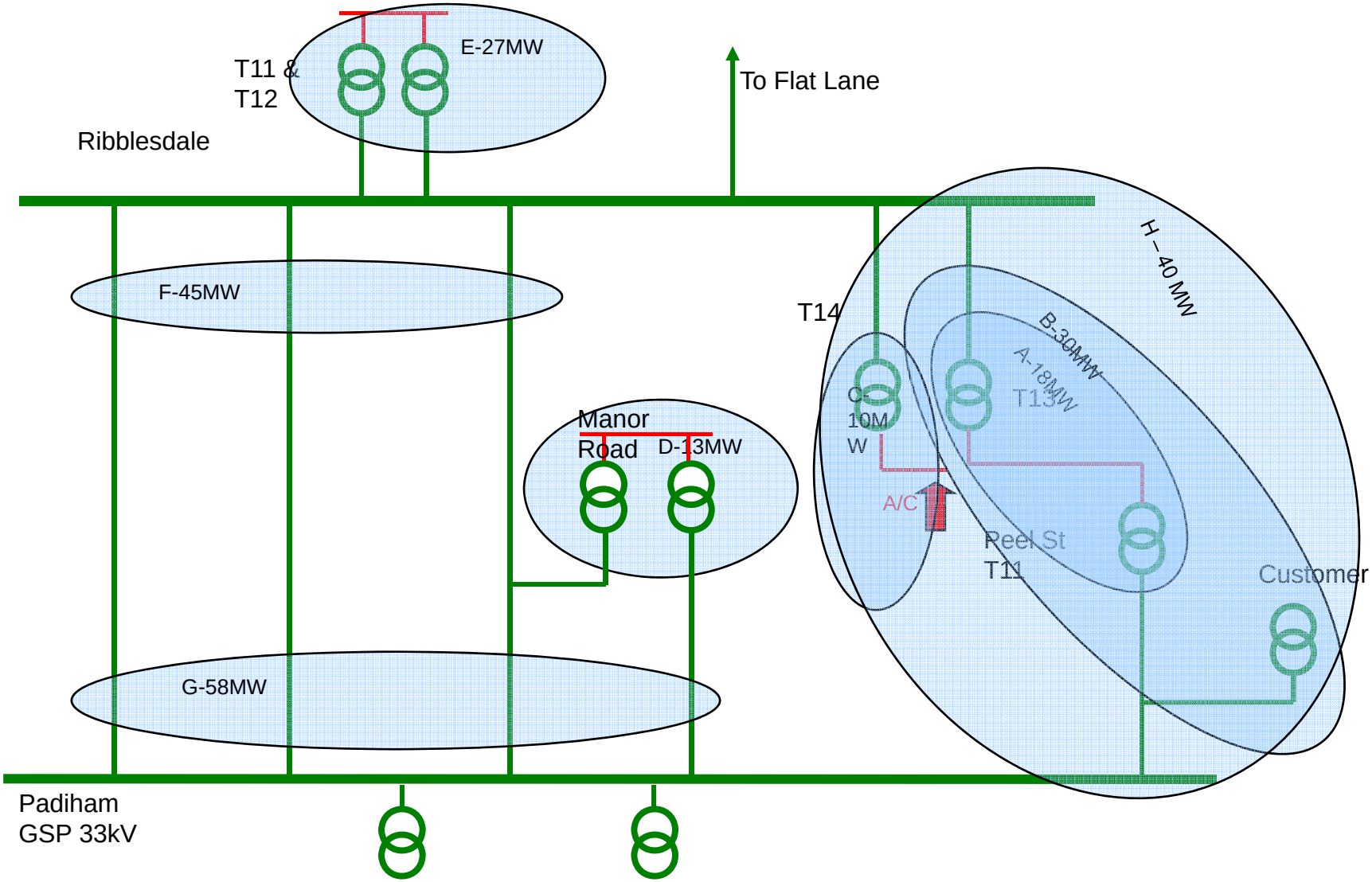
Licence Clarity

- Licence and P2/6 recently consulted on by Ofgem
- Wording might not be perfect, but not aware there are any real deficiencies in understanding amongst licensees or Regulator
- Ofgem’s derogation approach to P2/6 seems pragmatic and workable

P2/6 Clarity

- Don’t fully agree with Ofgem; Group Demand and Transfer Capacity are defined terms.
- P2/6 does not refer to Average Cold Spell
- P2/6 does assume critical loadings independent of season.
- P2/6 defines Group Demand; demand group is not a helpful concept
- Only definitional uncertainty I am aware of is how to deal with large individual customers

Not so Simple Example



DG Issues

- Little direct experience
- Existing DG generally not giving any relevant support
- Existing network already compliant
- Market has brought forth very little relevant DG since 2005
- Regulatory and Commercial issues probably more relevant to DG development than P2/6

Value of Security

- VoLL probably inappropriate concept; customer damage functions better reflect value
- Value of electricity to society completely different than in 1978
- Existing network still designed to higher standard than P2/6 in many urban locations
- P2/6 will not be a (effective) defence against political fall out from HILP event
- Investment >P2/6 requirements will not be easy to justify under present arrangements

Construction Work & HILP

- Probably not true to say these were not considered – although effects probably not included explicitly in ACE 51 calculations.
- But point is valid: ramp up of asset replacement gives rise to significant new risks
- Probably just a variant of High Impact/Low Probability event
- Repair times could be extended.
- Common mode failures also in this category (including flooding!)
- Not sufficient just to change security standard approach – it needs to be considered alongside IIS and GS effects of these outages.
- Save further HILP thoughts for PM session

Interaction with IIS

- Agree that IIS more important than P2/6 for demand supported by 11kV network.
- P2/6 does underpin acceptable network design across all networks, irrespective of ownership
- Consumers not protected adequately against multiple interruptions
- Unlikely that ACE51 factored in practical LV system faults in Appendix F (ie multiple interruptions)
- GSs are uncapped for worst events
- IIS continues to be appropriate for 11kV and LV systems – but not necessarily providing helpful incentives for the 132kV and 33kV networks.

Interface with Transmission

- Unfortunate that the link between T and D was broken in 1997.
- Up to then T & D shared P2/5
- Key difference in 2CO – is it maintenance demand or 2/3 Group Demand that must remain supplied?
- Strong argument to say it is 2/3 GD and that sufficient network available for all customers to be (re)connected – and reconnected does not necessarily mean re-supplied.
- This is rather different from SQSS which seems to require maintenance demand to be supported without interruption.

Environmental Issues

- P2/6 completely silent
- Could be integrated, but -
- Probably appropriate for these issues to separately incentivize DNO behaviour

Need for change

- HILP Event recognition – specific consideration of effects and mitigation
- Review of IIS and GS for events not on 11kV and LV networks
- GCRP WG to develop clarity of requirements at the NGET/DNO interface.