



Promoting choice and value  
for all gas and electricity customers

# DPCR5 Workshop Environmental Issues

23 May 2008

## Key Environmental Issues for DPCR5

- The price control will need to be flexible enough to allow the role of the DNOs to change and to encourage innovation in how they invest, operate and charge for their networks
- We need to place incentives on DNOs to control their direct and indirect impact on the environment

DNO as facilitator	DNO's carbon footprint
Distributed generation	Distribution Losses
Heat networks	Emissions
Energy efficiency	Undergrounding (visual amenity)
Metering	Business carbon footprint
Reactive power	

## Key Environmental Issues for DPCR5

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## Distributed Generation

### DNOs as facilitators

#### Distributed Generation

- Low take up of DG connections - need to review the DG incentive scheme

#### Registered power zones (RPZ)

- Take up less than expected, only 4 registered schemes
- Could extend to cover demand connections

#### Active network management

- DNOs should consider non-network solutions
- How should customers that defer reinforcement be rewarded?

#### Roles and responsibilities

- Should DNOs' role in transmission access arrangements be developed further?

## Distributed Generation

### DNOs as facilitators

#### Connections

- Issues remain with service provided to customers, transparency of arrangements
- Invite views on national standard processes for connections

#### Long term development statement

- Could be used to facilitate DG connections, if online and interactive

#### Commercial

- Issues remain with cost-reflective Use of System charges and generators connected before April 2005

## Distribution Losses

### Reducing DNOs' carbon footprint

#### Distribution Losses

–Electrical losses have reduced but we need to ensure that the existing incentive scheme is appropriate

–We have set out three broad options:

- Update existing incentive scheme
- Develop technical model for losses
- Discrete funding for specific loss reduction programmes

Also need to understand whether current incentive rate is appropriate: should it take account of the social cost of carbon?

## Business Carbon Footprint

### Reducing DNOs' carbon footprint

#### DNOs' business carbon footprint

- Direct carbon footprint of businesses small relative to distribution losses
  - Number of the companies are already internally reporting performance
  - Intend to establish current carbon footprint measures
  - Need to ensure we do not overlap with other Government initiatives in this area
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- Could reward DNOs who are proactive in reducing their carbon footprint
  - Could establish incentives to drive improved performance



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