



Distributed Energy – Further Proposals for More Flexible Market and Licensing Arrangements – 87/08
Response by SP Energy Networks

Introduction

SP Energy Networks ('SPEN'), on behalf of SP Distribution and SP Manweb, welcomes the opportunity to comment on the issues raised in this consultation. We have focussed our comments on section 5 of the paper ('Operating as a Supplier on the licensed Distribution Network').

Question 7 – Proposed amendment to Supply Licence Condition (11.2)

We have some concerns over the inclusion of the Distribution Use of System and Connection Agreement in the list of Codes where the Authority may relieve a licensee from the requirement to be a Party and to comply. It is not clear to us that there are significant compliance costs in relation to the DCUSA that are acting as a barrier to entry in relation to DE. On the other hand, this is the main contractual framework between Distributors and Users, and there needs to be a means for this link to be maintained even for smaller licensed users. For example, the distributor needs to have a means of enforcing non-payment of use of system charges for over-use of agreed capacity.

Ofgem's Distribution Structure of Charges Project (paragraphs 5.12, 5.13)

Since the paper was published, Ofgem have issued a proposal for a common methodology to apply to all DNOs, to be implemented by 1 April 2010. Following some two years of development with two other distributors (we have put forward a proposal for a long term charging methodology ("G3 FCP methodology") that in our view better meets the 'relevant objectives' set out in our distribution licence, and also provides an equitable charging structure for distributed generation. We believe that this methodology meets the concerns set out in paragraph 5.12, and merits a "non-veto" decision by the Authority so that it can be implemented.