

Lesley Nugent  
Ofgem  
70 West Regent Street  
Glasgow  
G2 2QZ

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Dear Ms Nugent

**Derogation requests to facilitate earlier connection of generation – consultation on information required to facilitate Ofgem’s assessment and proposed amendments to guidance.**

I write in response to your letter of 21 October 2008 and specifically to provide our view of Ofgem’s proposed revised guidance to electricity licensees in respect of requests for derogation from licence obligations to comply with certain technical codes and/or standards. We have no comments on the aspects of your letter that deal with transmission connected generation, save that your suggestions for the management of these issues in future seems appropriate.

In relation to the third question you ask we are not entirely sure we understand exactly what you are suggesting. However we believe that our response to your fourth question should allow you to understand fully our beliefs, but if not, we would be pleased to elaborate further.

It is ENW’s view that the “self certification” process in respect of derogations from Engineering Recommendation P2/6 is appropriate and as we have always argued should be extended to cover demands up to 100MW. The logic for this break point is that at 100MW P2/6 suddenly requires an increase in the security that needs to be provided. In some cases this can be a driver of significant cost and we believe that it is in everybody’s interests for the greater transparency and consideration that comes with the formal derogation process to continue. We are not immediately persuaded of the real usefulness of an annual submission to Ofgem of a “P2/6 compliance register”. Clearly we maintain such records for our own purposes, so providing an annual return to Ofgem will not drive any significant additional work or costs. However we would prefer to save our energies for regulatory discussions where we believe there are real issues to manage above the 100MW threshold, rather than dilute our mutual energies into routine reports below this threshold.

In relation to derogations from the Distribution Licence we also believe that it would be sensible to allow DNOs to self-derogate from the Distribution Code in the same way as for P2/6. In fact as P2/6 is a D Code Annex 1 document, any existing self derogation from LC24 must by definition be a self-derogation from LC20.

The Distribution Code defines the technical standards that apply at the interface between Users of the distribution system and the DNO. Their main function is for the running of an efficient and orderly network, and to avoid customers inadvertently interfering with each other. The most significant content of the D code, ie significant in that it can affect a large numbers of users simultaneously, is of course P2/6. All the other specific requirements of the Distribution Code that a DNO could make an argument to suspend affect in general only single customers, and in the event of a dispute between DNO and customer, would generally be determinable in any event. We therefore believe that for the very sparse number of occasions when a DNO could elect to ameliorate the strict effects of the D Code, that this should be done with the minimum of formality, but that it should be recorded along with the DNOs' other P2/6 self derogations.

We trust these comments are helpful and in line with your thinking. As I said above, we would be only too happy to elaborate on the issues here if we have failed to fully address your questions.

Yours sincerely,

Paul Bircham  
Regulation Director