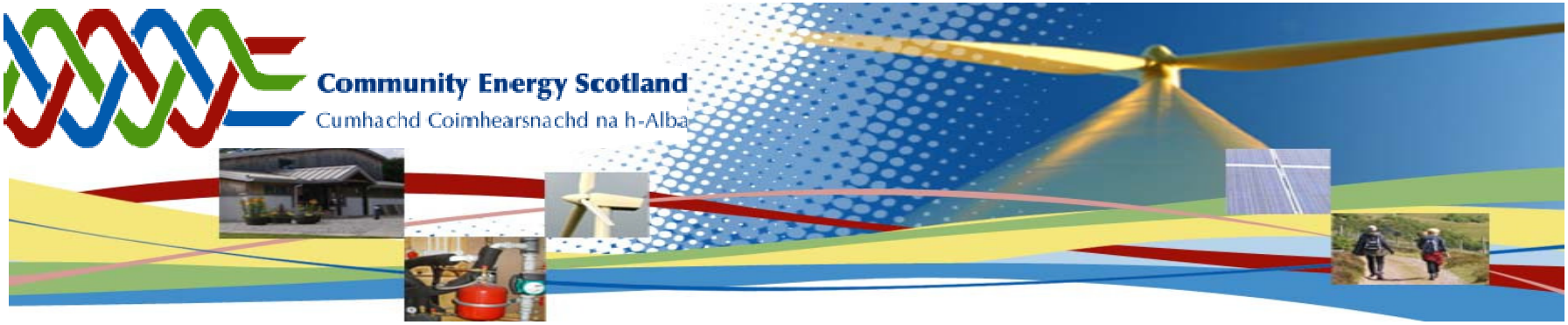

DG connections: the small generator perspective

Ofgem DG Forum
Glasgow 30th Sept 2011

Mo Cloonan
Community Energy Scotland

Scottish Charity Number: SC039673

Community Energy Scotland

27 staff across Scotland –Shetland to the Borders

Support whole lifecycle of a project ; inception, feasibility, planning, installation and operation.

Microgen to MW

All renewable technologies supported

Engage in policy, regulation and research arenas

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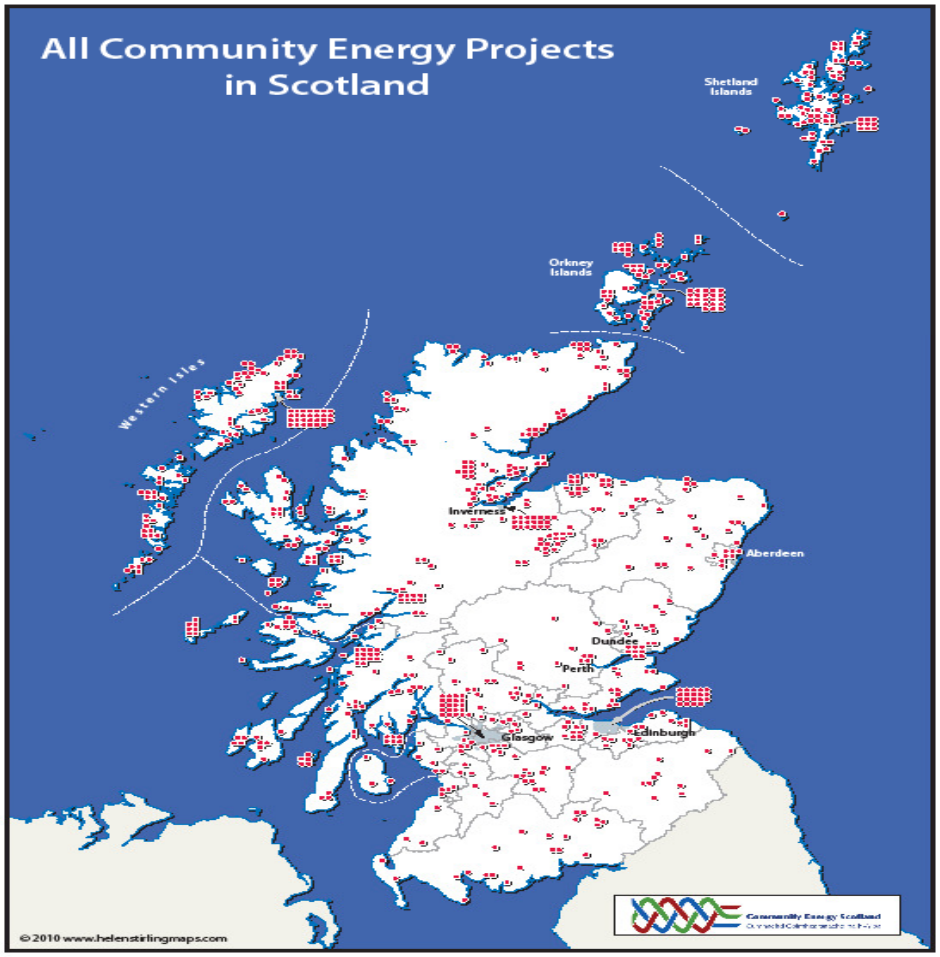
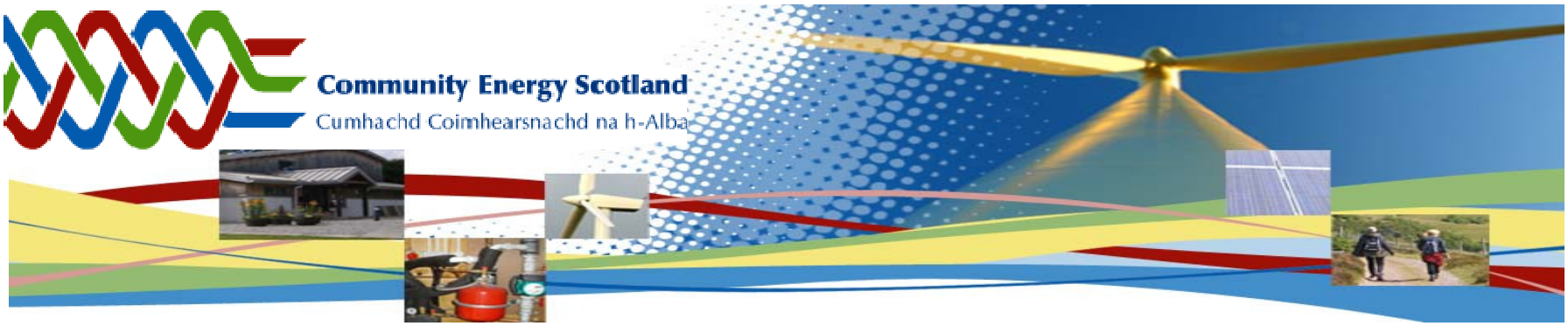
Activity to date in community sector

SCHRI and CARES
1400 community renewable projects assisted

Community organisations – non profit distributing organisations embedded within their local community

150 larger scale projects underway





The Drivers

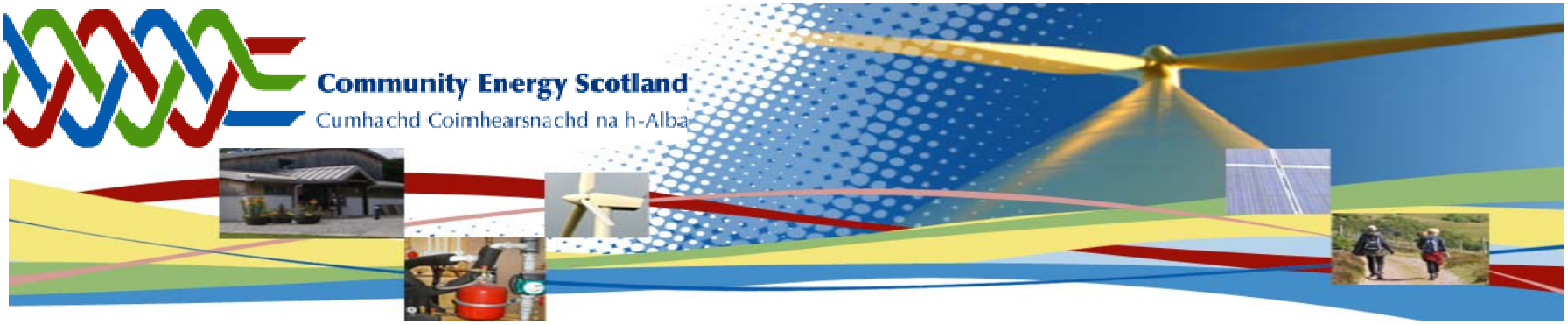
Increasing energy costs

FIT incentives

Increased energy awareness

Dynamic active communities and rural businesses

Reduction in public funding and support for fragile communities



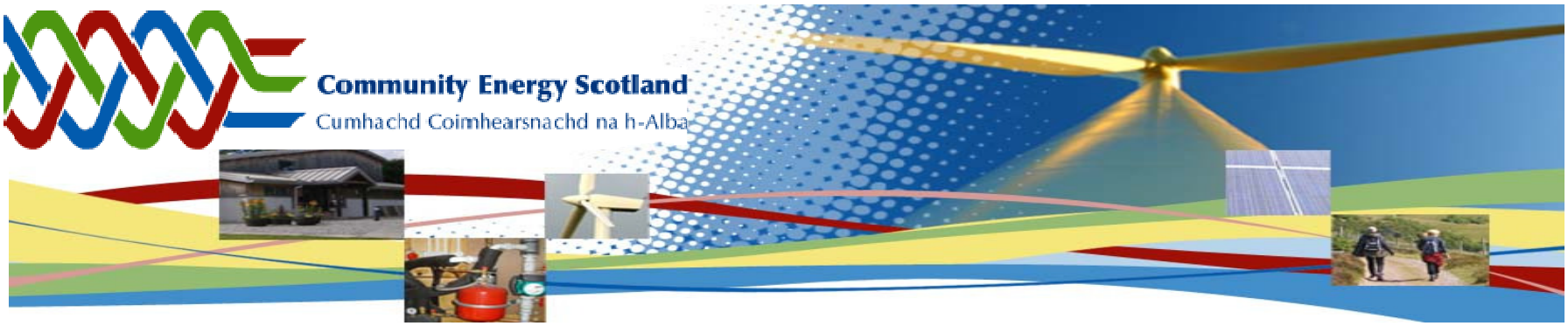
Scottish Context

Scottish Government commitment

Renewables Routemap – meeting equivalent of 100% of demand for electricity from renewable energy by 2020

Community and Locally owned generation 500MW by 2020

Vast renewable resource



Connections -Ability to discuss and investigate options

Contact and communication- variable standard

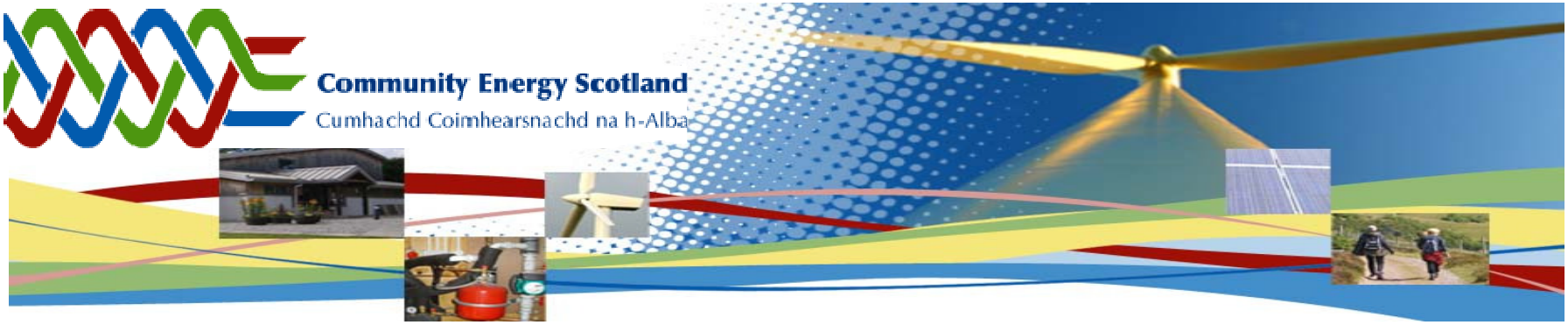
Initial information available- need further detail

Feasibility studies – inconsistency in cost applied and variation

Budget quotations – variations in cost

No information on interactive offers before full connection offer initiated- should be similar to planning permission system

i.e. once a project has a connection offer in place details are publicly available

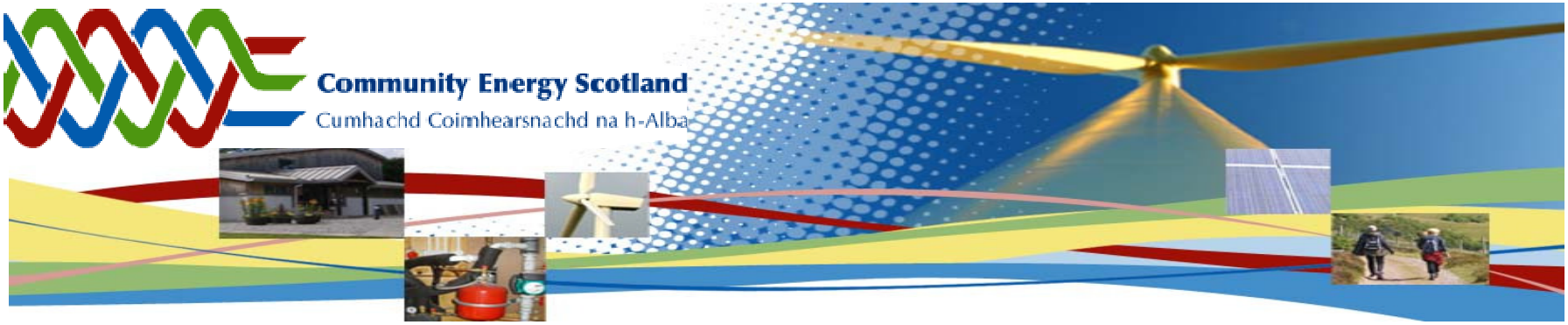


Time scales for connection offer

Microgen

MW

Statement of works



Case Study - timescale

Budget estimate requested for 800kW generation

8 week turnaround ?

6 months response time- repeated requests for information
Reply sent to initial applicant instead of current project contact

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Case Study- costs and timescale

Microgen

5 kW project in Shetland – initiate SoW

initial request for £8000+VAT for initiating statement of works and then further £17k
(now reduced SoW charges)

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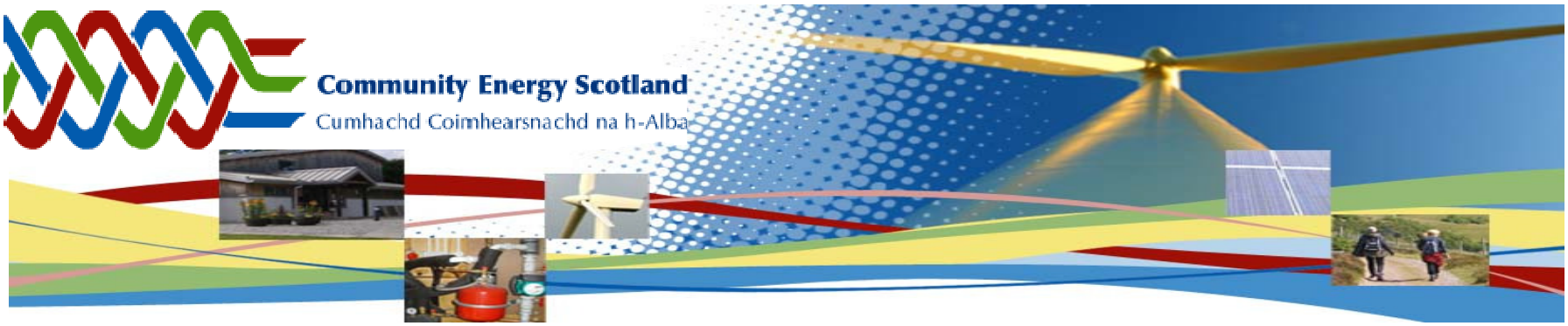
Case Study -costs

60kw wind in grid constrained area- cost of connection - £ multi million!



Cost of connection

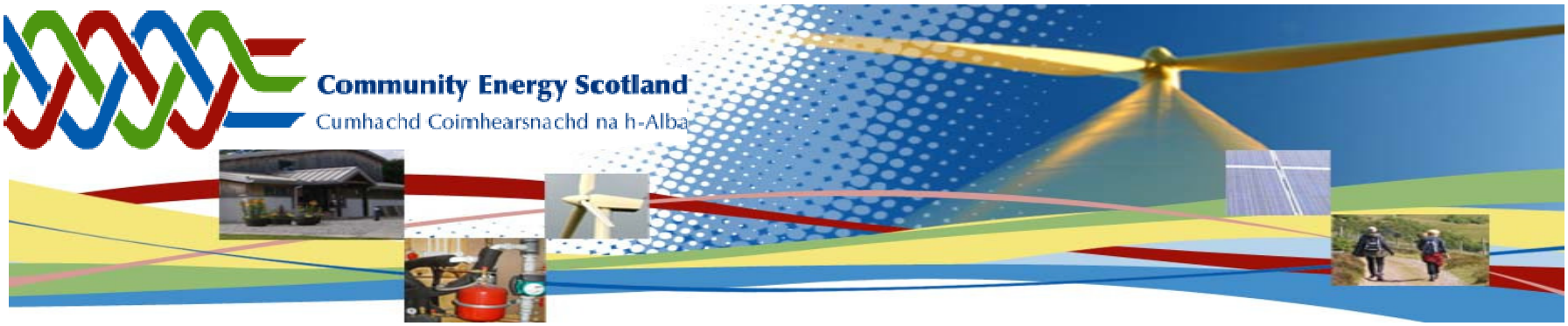
statement of works-

repetitive process costing & time delays-
applied to very small projects

lack of transparency in pricing of contestable and non-contestable works

itemisation required to highlight cost content

competition in contestable works- in name but not in nature?



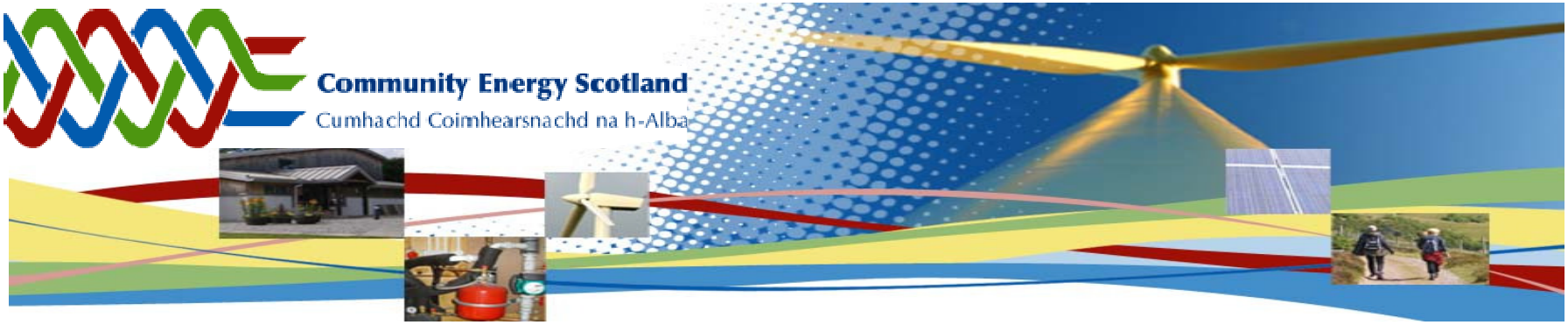
Standard of connection offer

no incentive to ensure cost competitive connection on DNO-goldplated and non innovative connection is standard

wrongly, the impetus is on applicant to engage technical consultant to propose alternative

Deposit payment required upon connection offer acceptance – but long lead time to connection and transmission works required yet 30 day timescale for significant payment

cost of upgrading network- and innovative work falling to DG connections – **assets paid for by small generators but once installed the value sits on DNO balance sheets**

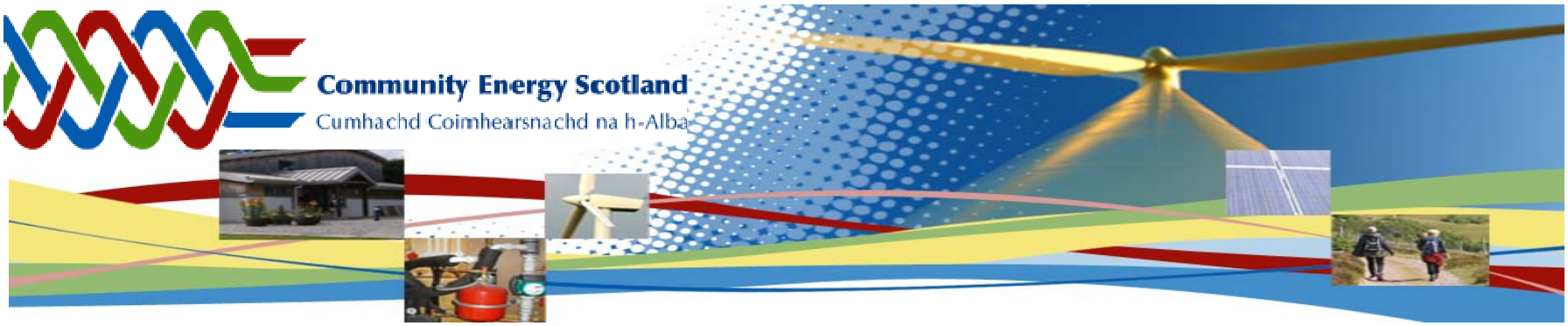


Customer Service

Consistency of approach to customer
- technical consultant or community representative

Clear contact route for connection inquiries

Transparency
- technical detail on connection costs
- transparency of interaction with NG
- tipping point for network upgrades
- clearer boundary required between connection requirements and wider local upgrading requirements



Further issues

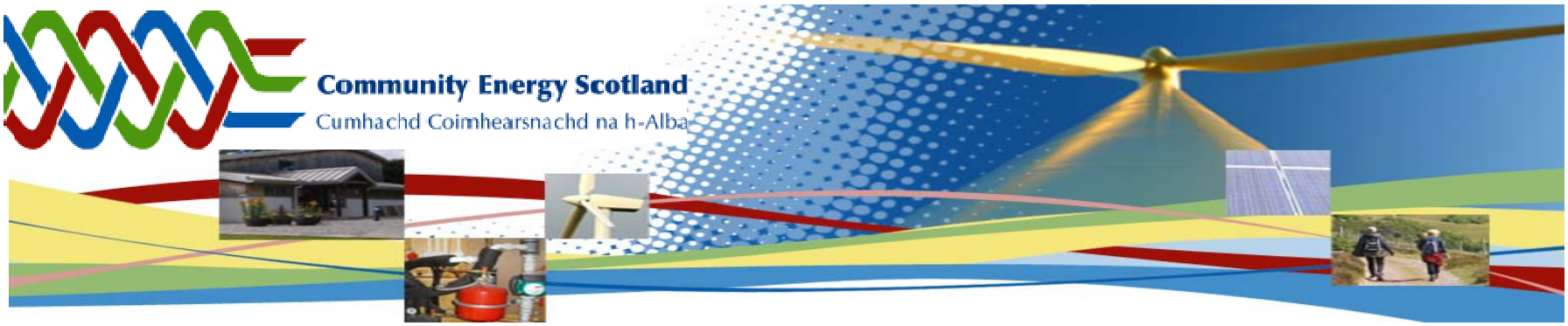
Queue management – need to review project progress
- instigate a project review process with capacity release for non advance

Resource within DNO connections team – overloaded at present

Strategic investments in grid reinforcement and expansion in areas of high renewable resource important
– policy and regulation required

Constrained or 'non-firm' connection offers could be interim tool while network upgrades take place –changing to firm connection once upgrades complete

Need to incentivise low cost connections- Ofgem review and regulation

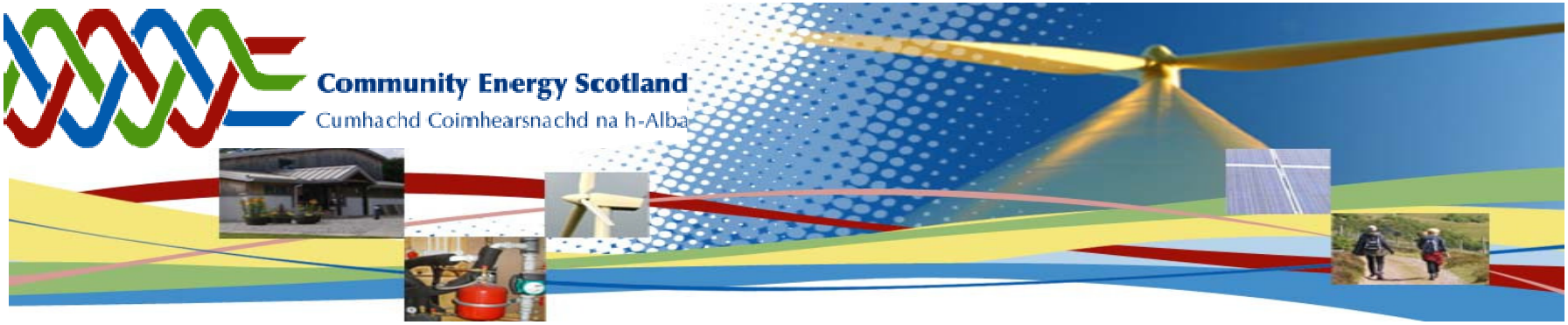


Feed in tariff issues

Preliminary FiT accreditation step required (as with ROC)- currently accreditation only available immediately before project commissioning - high risk

Formal clarification of **"purchase and installation costs"** required in relation to state aid issues

Greater stability for FiT levels and longer intervals between FiT reviews- bank lending has dried up pre-April 2012.

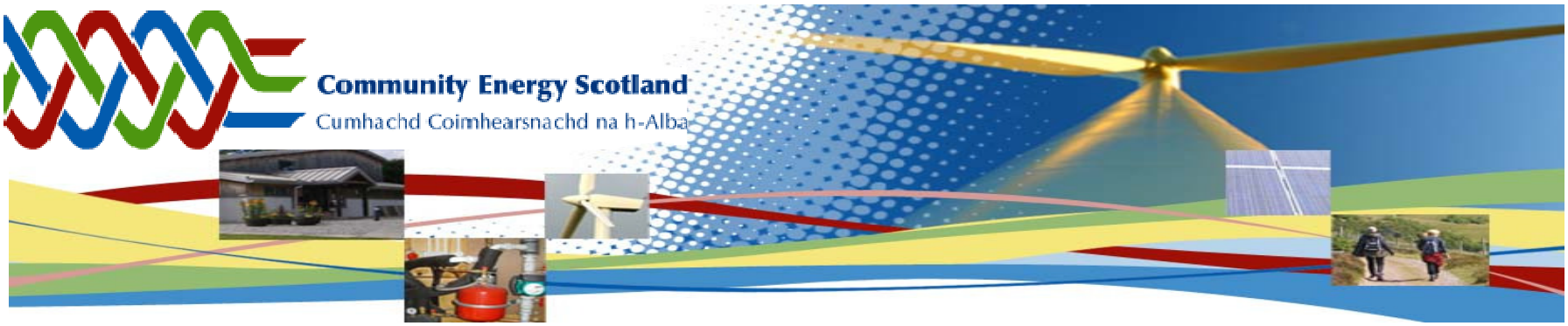


Future developments ?

Investigate generation technology ability to reduce need for network upgrade- reactive power control

Integration of DSM, ANM & more innovative connections to speed connection timescale and reduce upgrade requirements

Prioritise implementation of ‘License lite’ proposals, to allow small generators to supply to local consumers over the public distribution network



Summary

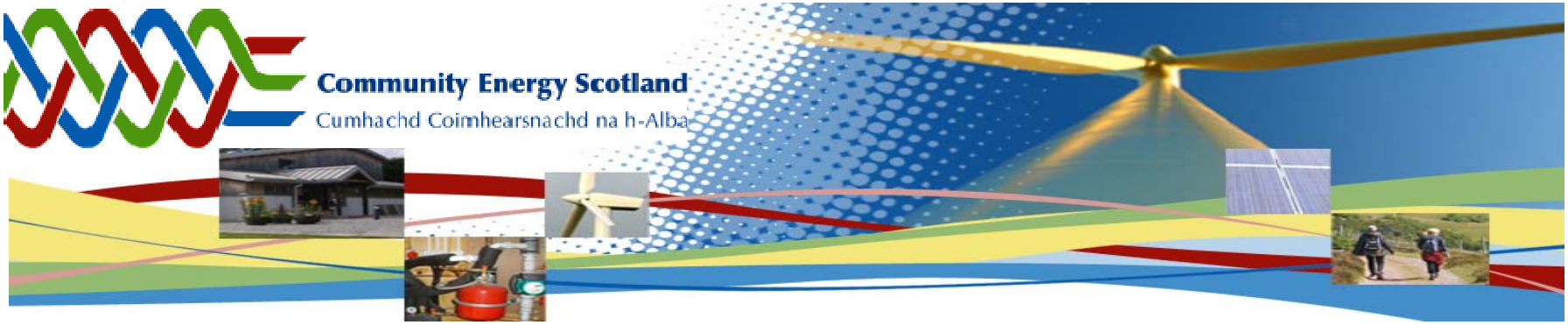
To achieve targets a much greater integration of DG is required and a collaborative approach in addition to :

faster connection timescales

strategic upgrades to network which are not financed upfront by DG

a regulation and incentive structure to enhance integration of DG

DNO's providing support, guidance and a transparent service to all customers



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