

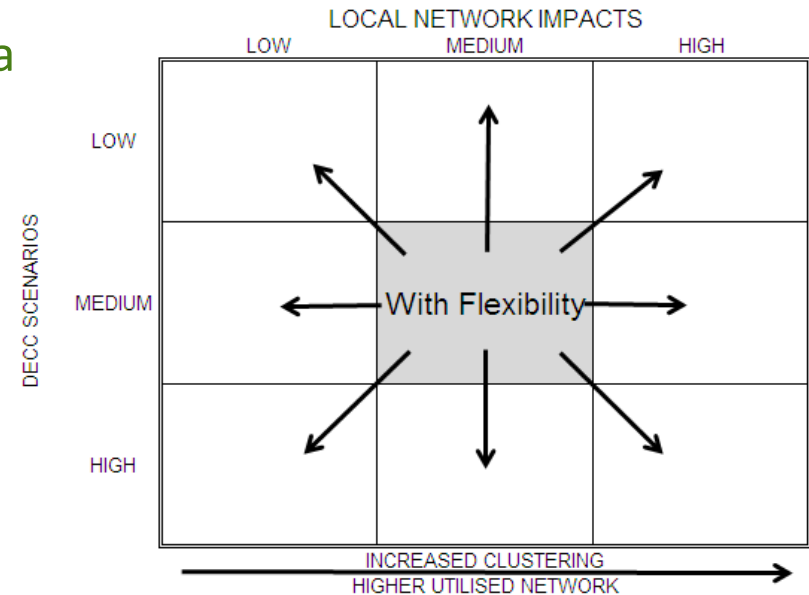


SP ENERGY NETWORKS

RIIO – ED1 Flexibility & Capacity Working Group

9th June 2012

- At this stage of the process we assume a similar approach as for RIIO-T1
- Ex – ante allowance based on a central, credible load scenario case
 - Informed by stakeholders
 - Meets government targets and legally binding commitments
 - UK
 - Scottish Government
 - Welsh Assembly Government
- Deliverable
- Recognise that the low DECC Scenario could still have a high impact on DNO's
- Uncertainty managed through a Revenue Driver
 - Granular enough to reflect local impacts/clustering effects





- Potential use of unit costs for reinforcement revenue driver
 - e.g. LV cable overlay (per 100m)
 - Larger 11/0.415kV tx (per unit)
 - 11kV cable (per km)
 - Needs to be able to reflect different solutions /network topography

Innovation £ < Traditional £, DNO does
+ Customer + DNO share £- (IQI)

- Challenge: How to value incremental Δ future capacity/headroom?
e.g. > minimum scheme new connection or > like for like replacement