

RIIO-ED1 - OBSERVATIONS

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PRINCIPLES

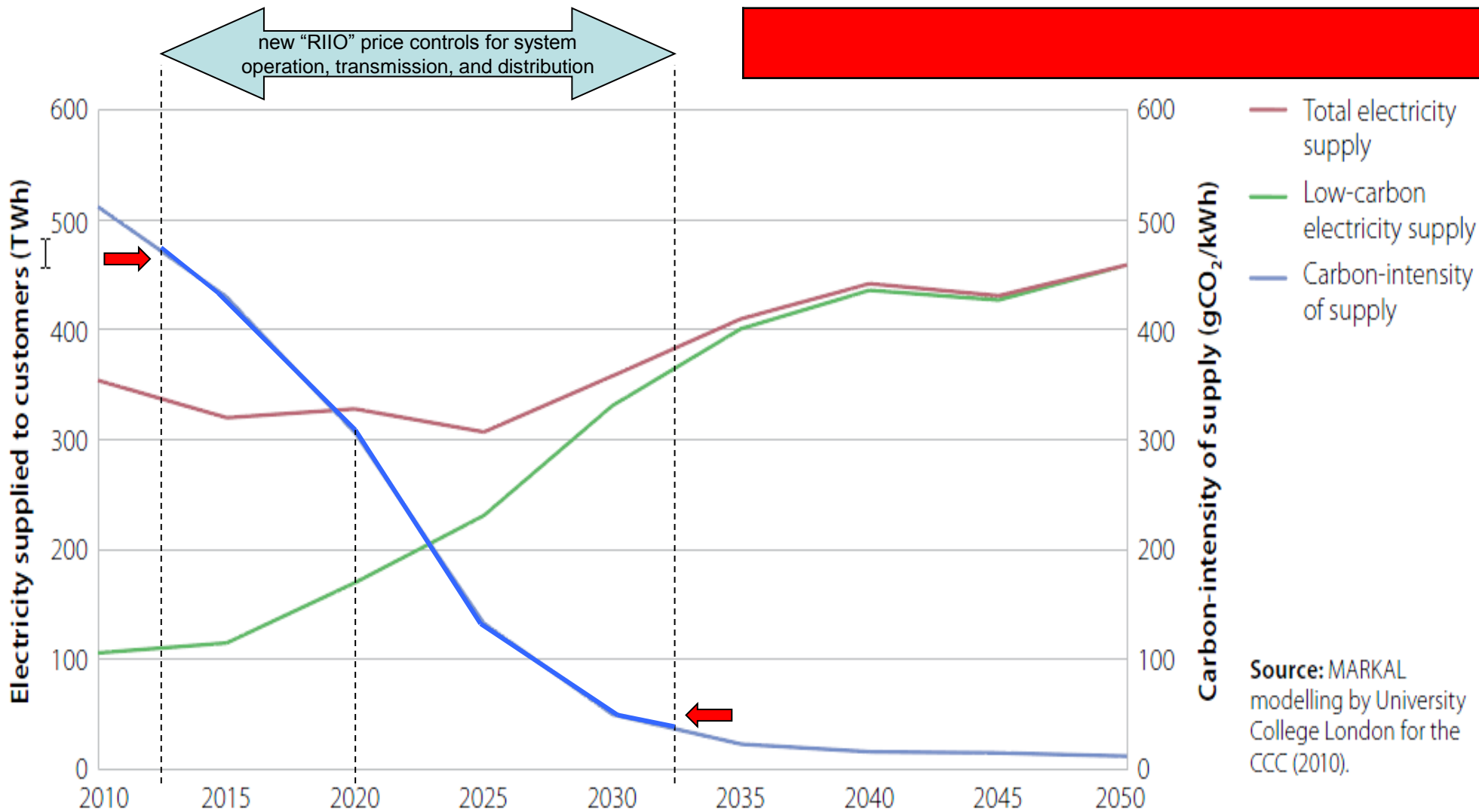
“RIO” Principles & Objectives set by Ofgem



- “to encourage energy network companies to play a full role in the delivery of the sustainable energy sector”
- “to deliver value for money network services for existing and future customers”

GOAL

One Possible Goal: Government Policy to Decarbonise Electricity



Source: MARKAL modelling by University College London for the CCC (2010).

Source: The Committee on Climate Change www.the-ccc.org.uk

VISION

What do we want the world to look like?



- Will DNOs have a direct customer relationship?
- Will DNOs co-ordinate regional supplier activities?
- Will DNOs actively balance the network?
- Will DNOs balance cost reflectivity and social equity?

These decisions need to be made within the formal RIIO-ED1 process.

ACTION

Specific actions to encourage (see Annex)



- Consultative, Iterative Connection Process
- Good Customer Service
- Pro-Active Outreach and Information Provision
- Reasonable Network Protection Measures & Standards
- Timely, Low-Cost Connections without Hoarding
- Innovation Roll-out (not just projects)
- ... and activities consistent with wider role (see above)

Unlikely these can be incentivised on an individual basis without restricted / perverse outcomes.

REGULATION & INCENTIVES

The Role of RIIO-ED1



- “A key question for RIIO-ED1 is ... clarity on the issue of when widespread smart grid deployment should commence.” (Smart Grids Forum First Year Report)
- “One of the first opportunities to make appropriate steps is the RIIO-ED1 price controls.” (Smart Grids Forum Workstream 3 ToR)

PRINCIPLES

GOAL

VISION

ACTION

REGULATION/INCENTIVES

ANNEX:

SPECIFIC ACTIONS WE WOULD LIKE TO SEE FROM DNOS

DNOs could usefully do the following:

- create customer demand at stakeholder sessions, rather than just respond to existing stakeholder interest
- build on initial interest from one renewables developer and reach out to others to create a viable cluster
- pre-application consultation: discuss proposals and identify capacity thresholds that might help the viability of projects
- make information public on spare and excess network capacity, and on local network / voltage control issues
- overall customer service with named technical and commercial account managers and communications between them
- make the application process for connection simple and customer-friendly
- develop generic and accepted agreements that avoid the need for extensive legal perusal

DNOs could usefully do the following:

- transparency and consistency in charges and securities and pro-active explanation
- reasonable network protection measures and consistent application of standards
- provide timely and low-cost connections to DG but flexibility without hoarding / sterilising
- facilitate and co-ordinate supplier and other stakeholder activity on the promotion of low-carbon technologies
- active network management, e.g: dynamic line ratings
- innovate and roll out innovation projects towards achievement of a low-carbon economy; not just innovation “projects”