

## DSR – progress to date

### **Context for which DSR can develop:**

Agreed working assumptions

### **Agreed barriers:**

- ER P2/6
- Availability of customer level smart meter data from 2019 onwards

### **Remaining issues:**

Permitting customers to exit DSR contracts may deter use by DNOs.

Charging arrangements incl. second connectee issue.

How to approach domestics: universal or bilateral arrangements ?

- How can DNOs receive notification of increases in load?
- Customer engagement?

What volume of DSR would require suppliers & SO to be notified?

## Enabling customers to exit DSR contracts

Pros	Cons
Will encourage customers to try out DSR at lower risk	DSR a less certain long term solution for DNOs
If market model develops, customers can resell DSR to 'highest bidder'	Risk that DNO invests in DSR and then has to reinforce anyway at later date

One proposal is for rolling contracts

- Would this provide sufficient certainty for DNOs?
- Would this generate sufficient value to offer to customers?
  - n/20th of reinforcement cost; or
  - NPV of deferring reinforcement for a given period

**What length of contract strikes a good balance of risk between customer & DNO?**

## Charging arrangements

### **1. Charges to new customer where reinforcement is avoided through DSR arrangement with existing customer**

- Should the new customer pay as if they triggered reinforcement?
- If not, does the value of DSR get recognised?
- How would this be treated under current charging arrangements?

### **2. Impact on existing DSR arrangements of a 'second connectee'**

- DNO may need to reinforce network to accommodate 'second connectee'. Does this void any DSR arrangements with customers?
- Could this be mitigated through rolling contracts?

**Need to consider what changes, if any, need to be made to current charging arrangements to cover this issue**

## Arrangements for domestics

- Agreed that DNOs should be free to approach domestics for DSR
- Pre smart metering this will have to be on bilateral basis
- Post smart metering could be through universal approach

Options for universal approach:

- 1) Agreed capacity, with excess capacity charge if exceeded
  - requires real time data on HH basis from domestics
  - would require suppliers to pass charge on to customers
  - only possible after 2019
- 2) Some LCTs e.g. EVs connected on separate circuit with DNO ability to control
  - assumption that customer still compensated for DSR
  - could require legislation for installers to conform
  - would require clear guidelines on when DNO would have control
  - which LCTs is this applicable to?
- 3) Energy efficiency
  - What incentives does DNO have access to for promoting energy efficiency?

**Are these options viable? Are there alternatives?**

## DSO & IES issues

### DSO

Need to define what we mean by a DSO e.g.

*"A DNO who has responsibility (along with systems/processes) for balancing demand and supply on the distribution network for operational and planning benefits"*

It is not micro level active management and ad hoc DSR arrangements

Is this post gate closure?

When might DNOs need responsibility for total system balancing

- what would drive this?
- is this something that will be required in RIIO ED1?

### Integrated energy systems

- Variety of models for integrated energy systems
- Unclear what DNOs' role should be & what DNO benefits are
- What incentives do DNOs have to play a role in IES in RIIO ED1?
- May need to use trials to better understand barriers and enablers