

THE THINGS WE DO

SMARTER



Ofgem Customer Service Working Group
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DNO Social Obligations

- This is not a traditional DNO role!
- Many options fall into the realm of suppliers
- Require to think creatively to develop options
- Let's not rule anything out
- Adapting existing price control mechanisms might be best

DNO Social Obligations – Possible Structure

- Something like the LCNF may be a suitable funding model
 - ‘Pot’ made available for DNOs to access
 - DNOs work with stakeholders to identify projects or suitable programmes
 - Ofgem decides, using set criteria, and approves the project to receive funding
 - Fuel poor issues could potentially be addressed through a link to say the LCN Fund (Tier 1 or 2) itself
 - i.e. The project may involve fitting lots of PV in a confined area. We could look at ways of routing the generation to customers’ hot water tanks at times where the network voltage is high. The learning would form part of the LCNF.

DNO Social Obligations – A Straw Man

- As an example
 - DNO identifies through work with stakeholders a group of customers who would benefit from district heating
 - DNO prioritises any network upgrade to facilitate the connection of the district heating equipment
 - Ofgem approves the project based on defined criteria
 - The DNO works with third parties to ensure the timely connection of the network and heating solution
 - Affected customers benefit from affordable heating

DNO Social Obligations – An Alternative

- The existing AONB incentive may also be a suitable funding model
 - Up front allowance calculated for each DNO as a per capita amount (in AONB case: km of wire in AONB within patch)
 - DNOs consult stakeholders and prioritise spending against pre determined rules and governance
 - Take it or leave it basis, but performance scored on Ofgem Annual Report (RAG analysis)
- A link to an existing area of investment could link the funding to normal DNO activities.