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***Sent by email only to Simon.Cran-McGreehin@Ofgem.gov.uk***

Dear Simon,

**CONSULTATION ON CHARGING METHODOLOGY FOR HIGHER VOLTAGE  
DISTRIBUTED GENERATION**

Thank you for the opportunity to respond to the above consultation of 17 August 2012. I am pleased to submit this response on behalf of ScottishPower Renewables (SPR).

As the UK's leading developer and operator of wind generation projects, we have considerable experience of working within the current arrangements for distributed generation. Onshore wind remains a key element of achieving the Government's energy policy objectives in respect of moving to a low carbon, secure electricity market. With much of onshore wind - and other forms of low carbon generation - being connected to distribution networks it is therefore vitally important that these arrangements support the growth in embedded generation that will be required to achieve these policy objectives.

As we have noted in our responses to previous Ofgem and ENA consultations on Electricity Distribution Charging Methodologies, ScottishPower Renewables welcomes Ofgem's decision to provide a time limited exemption from GDUoS charges for pre-2005 DGs.

ScottishPower Renewables appreciates the effort made by most of the DNOs to produce EDCM export tariff information templates with the illustrative charges rates for 2012/2013. This information has been essential for a better understanding of the impact of the new arrangements on all of our sites and especially on pre-2005 sites. Updated EDCM export tariff information templates for the coming financial year from all the DNOs would be very welcome.

We consider that intermittent generators that deliver benefits to the system and/or market should be credited to reflect these benefits. If this is done on an aggregated basis arrangements should clearly address the allocation of the credits to individual generators. Therefore, we believe that Engineering Recommendation P2/6 should be modified to address this issue and make sure it is reconciled with the new EDCM export methodology.

Provided that credits for intermittent generation are maintained and that appropriate and clear implementation and transitional arrangements are developed and in place we see no

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reason why it should not be possible to implement the proposed EDCM for export charges from April 2013.

Please find below the answers to some of the specific questions of your consultation:

**Question 1.1: Have the options available to pre-2005 generators been clearly explained to those generators?**

Yes. DNOs have contacted us in order to explain the options for each of our pre-2005 sites. They have also provided the necessary data to help establish the date until which each site will be exempted from export GDUoS charges if this option is chosen.

Most DNOs have also provided us with EDCM export tariff information templates with the illustrative charges rates for 2012/2013 based on the three scenarios. This information has been essential for a better understanding of the impact of the new arrangements on all of our sites. It has been especially useful to help us understand the implications for our pre-2005 sites and to be able to compare the different options and consequently decide on our preferred option.

**Question 1.2: What information (or guidance) about the EDCM would be of use to industry participants, and what do DNOs and generation customers think could be provided?**

Updated EDCM export tariff information templates for the coming financial year from all the DNOs would be very welcome. This will help generators have a better understanding of the implications of the new methodology and especially during the first years after the implementation when the arrangements will not be sufficiently mature and predictable for the generators. As stated in Ofgem's "Decision to allow a time-limited exemption for pre-2005 generators" on 10 February 2012, DGs eligible for exemption should indicate to their DNO their choice whether to continue with any existing exemptions or to opt into UoS charges by 1 November with respect to subsequent charging years. Therefore, these information templates will be especially helpful for pre-2005 DGs to decide whether to opt in to GDUoS arrangements.

Finally, SPR would also welcome the creation of Charging Maps that would help reduce the volatility and increase the transparency of the new arrangements showing the pricing signals about where is most beneficial to connect future projects.

**Question 2.2: Do you agree with our understanding that the interactions between super-red credits for intermittent generators and Engineering Recommendation P 2/6 could result in demand customers paying for credits when no network benefit is recognised under the planning standard?**

ScottishPower Renewables acknowledges that intermittent generation may not always be relied upon to generate at the time of local peak demand and therefore cannot be used as justification for deferring local reinforcement works. However, and as stated by the DNOs, we believe that partial credits for intermittent generation should be granted to reflect their aggregate effect. Given the large amount of intermittent generation that may be in an area it is possible that some of them will contribute to meeting peak demand, and consequently this should be addressed.

We consider that intermittent generators that deliver benefits to the system and/or market should be credited to reflect these benefits. If this is done on an aggregated basis arrangements should clearly address the allocation of the credits to individual generators. Therefore, we believe that Engineering Recommendation P2/6 should be modified to address this issue and make sure it is reconciled with the new EDCM export methodology.

**Question 2.3: Is the treatment of sole-use asset costs appropriate?**

The new approach avoids double charging for mixed sites; therefore we consider the change appropriate.

**Question 2.8: Is it appropriate for us to approve the methodology?**

Provided that credits for intermittent generation are maintained and that appropriate and clear implementation and transitional arrangements are developed and in place we see no reason why it should not be possible to implement the proposed EDCM for export charges from April 2013.

**Question 2.9: Is it appropriate for us to place the potential condition that we have suggested, and are there any other conditions that respondents feel would help to better meet the Relevant Objectives?**

As stated in our response to Question 2.2 above, ScottishPower Renewables considers that credits for those intermittent generators that bring benefits should be recognised. If this is done on an aggregated basis arrangements should clearly address the allocation of the credits to individual generators. Therefore, we believe that Engineering Recommendation P2/6 should be modified to address this issue and make sure it is reconciled with the new EDCM export methodology.

We hope you find our comments clear and helpful but we would be happy to discuss them more fully with you. If you would like to do so, please contact me on 0141 568 4748 or at [allan.kelly@scottishpower.com](mailto:allan.kelly@scottishpower.com).

Yours sincerely,



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