

City of London Corporation’s response to UK Power Networks 2015-2023 July business plan – Executive Summary

The following document outlines the City of London Corporation’s (CoLC) response to UKPN’s July business plan, and provides an update on comments made to the April business plan update, following further extensive engagement with UKPN on key issues. (Comments on UKPN’s July business plan are in blue)

Page	Business Plan reference	Changes from Draft Business Plan (Feb 2013)	Comments from UKPN April business plan	Comments following publication of UKPN July business plan
Page 2	<ul style="list-style-type: none"> Foreword 4th para – highlights upfront price cuts in 2015 of 8% across UKPN’s 3 networks. 	<ul style="list-style-type: none"> N/A – the Draft Business Plan showed no indication of a reduction in User System Charges 	<ul style="list-style-type: none"> The Electricity Regulation Working Party has engaged with UKPN for over 12 months during the formation of the business plan, <u>and at no point was it made aware that a reduction in costs was likely to be offered to UKPN customers (see comment on page 8 of business plan update below).</u> 	<ul style="list-style-type: none"> CoLC fully supports UKPN’s proposed price reduction to customers and agrees that UKPN’s business plan will deliver a more efficient and robust network
Page 5	<ul style="list-style-type: none"> 1.2 3rd bullet – Reduction of heavily loaded sites on London Network down to 23, compared to a target of 25. 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> CoLC does not consider this statistic to be classed as a “benefit” for Central London, given that the majority of substations serving this area are still overloaded, and less investment will mean that many of these sites will remain so. 	<ul style="list-style-type: none"> Further consultation with UKPN since April 2013 has identified that part of the £420m proposed load related expenditure for central London will be used to reduce heavily loaded sites and build additional capacity into existing substations. We expect UKPNs business plan to be able to flexibly invest in greater capacity if there is a defined capacity shortfall in a certain area.
Page 6	<ul style="list-style-type: none"> 1.3 “Outcomes from UKPN stakeholder engagement” – <i>“Refined the</i> 	<ul style="list-style-type: none"> N/A 	<ul style="list-style-type: none"> This statement is not accurate. It was not the “scope” of investment that was this issue, more so the funding options for investment ahead of need in network capacity which Ofgem would not agree. The level of expected development / power requirements for the 2015-2023 period 	<ul style="list-style-type: none"> The July business plan better reflects the extensive debate surrounding investment ahead of need, and the City of London is satisfied that UKPN endeavoured to facilitate discussions on this matter, with Ofgem and other

	<p><i>scope of investment in London Infrastructure Plan to ensure that the network servicing London has the capacity and resilience comparable with other world cities”</i></p>		<p>remains the same.</p> <ul style="list-style-type: none"> • Further to the above comment, the “refining” of the proposed investment in the London Infrastructure Plan places considerable risk upon London’s ability to provide for future growth in development and employment, and to compete with other world cities. 	<p>key stakeholder groups.</p> <p>CoLC has subsequently undertaken a demand modeling assessment which found that UKPN’s expected reinforcement of existing substations serving the City should provide sufficient capacity to accommodate forthcoming development projections to 2023, provided that UKPN make timely investment to ensure that capacity can be delivered when needed.</p> <ul style="list-style-type: none"> • <u>It is therefore the timing and distribution of the investment that remains key, to ensure that capacity is delivered in a timely manner so that it does not pose risks to the delivery of new development.</u>
<p>Page 7</p>	<ul style="list-style-type: none"> • 1.4 “Outputs delivered by updated plan” – Network Reliability - <p><i>“Maintain LPN as having lowest level of customer interruptions (CI)’s and customer minutes lost (CML) in the UK”</i></p>	<ul style="list-style-type: none"> • Draft Business Plan mentioned aspiration for faults on UKPN network to be within top 3 of all DNO’s. • Draft business plan referred to an 11 per cent increase in number of faults, even though health of network stayed the same. 	<ul style="list-style-type: none"> • It is hard to see how UKPN can move from within the top 3 of DNOs to being the best performing DNO in the UK in terms of faults, given the following: <ul style="list-style-type: none"> ○ Age of the network ○ Lack of asset replacement ○ 10% saving to customers - reduction in investment in reinforcement & labour – How is UKPN going to achieve this? ○ Continuous need for large connections and no policing from UKPN to avoid customers reserving capacity beyond what they require. ○ If CI’s and CML’s are to be reduced to the lowest level in the country how can the forecast performance stay the same instead of going down? ○ Consultation with business has shown again and again that this method of 	<ul style="list-style-type: none"> • Following on from further discussions with UKPN, it was explained that the LPN network has the lowest level of customer interruptions in the UK owing to most of the cables being underground. • CoLC is still concerned over the age of the network however in certain areas and would like to pursue further with UKPN, discussions surrounding replacement of assets known to be of a certain age under key junctions and distributor roads. • CoLC appreciates that UKPN’s license constrains them dictating the size of connections which customer can request, however UKPN has

			<p>measurement does not work for business users, who value reliability of supply and quality of supply as of at least equal importance.</p> <ul style="list-style-type: none"> CoLC made comments in UKPN's draft business plan consultation about the link between investment / expected number of faults on the network and level of Customer Minutes Lost. UKPN has not made any attempt to respond to this comment in their business plan update. 	<p>suggested the possibility of “buying back” unused capacity from customers with large point loads, and CoLC supports this initiative and would be glad to work with UKPN to identify such buildings / customers.</p> <ul style="list-style-type: none"> CoLC fully supports UKPN's proposed £40m to be spent on adding additional resilience into the LPN network and the creation of two 24x7 fault response service depots to be based in central London, which will be able to provide faster resolution of faults on the network.
Page 8	<p>1.6 “Expenditure required to deliver these outputs in the 2015-2023 planning period”.</p> <ul style="list-style-type: none"> Para 1 – UKPN to deliver decrease of £0.2 billion (3%) compared to draft business plan Decrease partly driven by changes to London Infrastructure Plan & infrastructure 	<ul style="list-style-type: none"> 3% higher in Draft business plan. 	<ul style="list-style-type: none"> Again, <u>at no point throughout the engagement process with UKPN was the Electricity Regulation Working Party advised that UKPN was considering a 10% price reduction to London customers. Whilst we are in favour of price reductions, this would have been a significant point on which we would have thought UKPN would have wished to have been seen to have consulted, with its implications for delivery and investment, and furthermore it brings into question the quality of consultation.</u> The savings seem largely to accrue by altering the expected life of capital assets and investment can be extended to 45 years without any comment as to how this might impact on security of supply and fault levels in the future, (a key issue for businesses), nor, in the absence of the Working Party's knowledge on the planned price cut, has this been able to be debated 	<ul style="list-style-type: none"> UKPN in subsequent discussions has accepted that they could have provided clearer information with regard to the price reduction, which CoLC is satisfied will not have a detrimental effect on service delivery or investment. CoLC has entered into further discussion with UKPN regarding fault levels and UKPN's proposed improvement in CML & CI, and would request data on fault levels can be viewed on an annual basis to assess progress, as part of ongoing stakeholder engagement.

	<p>e investment in Distributed Generation.</p> <ul style="list-style-type: none"> • Para 3 – UKPN to deliver price cut of 10% to London customers. 			
Page 10	<p>3.2 “Our stakeholder engagement objectives and principles”.</p> <ul style="list-style-type: none"> • Para 1 – “UKPN stakeholder objective is to “develop arrangements that will provide meaningful opportunities to a range of its stakeholders to influence the direction of UK Power Network’s thinking on network development and business operations..” • Para 2 bullet 2 – “Inclusivity: involving stakeholders in 	N/A	<ul style="list-style-type: none"> • CoLC, as part of the Electricity Regulation Working Party does not feel that it was provided with a real opportunity to influence UKPN’s business plan, given that: <ul style="list-style-type: none"> ○ <u>We were not provided with basic information such as the current level of capacity in UKPN’s Central London network</u>, and to what extent this will be improved throughout the RIIO ED-1 plan. ○ No clear outline (from Ofgem’s strategy papers) as to what proposals were available for discussion, and how stakeholders could influence them. ○ There is limited point in consulting stakeholders who are trying to challenge the status quo if then to disregard their comments. Ofgem’s consideration of investment ahead of need / greater investment based upon greater utilisation of assets in London is a key example of this. ○ Whilst the CoLC, as part of the Electricity Regulation Working Party has been engaged with on key issues, we do not feel that we have been fully 	<ul style="list-style-type: none"> • UKPN has engaged further with CoLC on the issue of existing levels of capacity in UKPN’s Central London network, and we are now in possession of this information. • Whilst UKPN has sought to listen to CoLC’s concerns, we feel that Ofgem’s strategy which dictates how DNO’s should consult has not helped stakeholders to be meaningfully engaged in the process as it does not allow a clear understanding of what changes can be affected via the consultation. Throughout the process, UKPN has shown itself to be willing to try new ideas, and to improve its ways of meaningfully consulting, and CoL would wish to build on that. • CoLC considers that Ofgem has been unclear in their strategy towards investment ahead of need, in firstly stating (in early versions of their RIIO ED-1 strategy) that they encouraged DNO to undertake such investment where it made commercial sense, and then commenting to the Electricity

	<i>the internal decision making process.”</i>		involved in the internal decision making process, given that very few of our suggestions have been included in the final business plan.	<p>Regulation Working Party and the Mayor’s High Level Working Group that to allow investment ahead of need would require a change in primary legislation (Electricity Act 1989). Section 22 of the Act, which allows consortiums of connecting parties to invest ahead of need is not practical in the City of London and parts of central London where we have continuous growth, due to disparate property ownerships and delivery timescales.</p> <ul style="list-style-type: none"> • CoLC accepts that UKPN has considered our views on investment ahead of need and that they are constrained by the existing regulation. CoLC will continue to lobby Ofgem on this matter, and will look to work with UKPN to formulate their annual strategic development statement for central London, which we believe will act as a future evidence base to demonstrate that central London is different in terms of delivery of new development, and that it deserves to be granted preferential treatment on the basis that the network is over utilised and due to London’s contribution to the UK economy.
Page 17	Para 1 – “UKPN commissioned Willingness to Pay study focused on small and large London central business district	Not mentioned in Draft Business Plan but this issue was raised with UKPN several times during Electricity Regulation Working Party meetings.	<ul style="list-style-type: none"> • City businesses were not asked to take part in the Willingness to Pay survey, despite this being requested several times. UKPN stated to the Electricity Regulation Working Party that the businesses being targeted needed to be random, however it is the CoLC’s view that the exclusion of such businesses has distorted the results of 	<ul style="list-style-type: none"> • CoLC believes that more City businesses should have been consulted in the WTP survey but accepts that the survey had to be undertaken randomly. • CoLC is confident that UKPN’s £40m

	<p><i>customers (City of London, West End, Docklands)."</i></p> <ul style="list-style-type: none"> • Table 6 - <i>"provide customers with information on the expected timescales for the provision of quotations for high voltage new connections work: within jointly agreed timescales."</i> • Table 6 – <i>"Restore supply to 80 per cent of urban customers off supply for more than 3 minutes within 5 minutes."</i> 		<p>the Willingness to Pay survey, given that many City businesses have an enormous need for electricity capacity and greater resilience, and also have the means to pay more.</p> <ul style="list-style-type: none"> • Table 6 shows an example of this, whereby the need for customers to be "provided with information on timescales for high voltage connections, with agreed timescales" scored relatively low, whereas had City businesses been consulted results would have shown this as being a higher priority. • The CoLC agrees that greater investment should be made to ensure that customers in Central London should be restored within 5 minutes, given the criticality of power supply to businesses. Transient faults in particular remain a constant challenge to companies with trading operations, to whom the smallest blip can represent financial losses. CoLC accepts that transient faults cannot be eradicated and are part of the nature of electricity supply, however CoLC seeks UKPN's assistance in helping businesses to cope better with the impacts of transients, and modifying the customer portal for business use is a good start (see comment page 23). 	<p>investment in greater resilience such as greater automation at substations and the addition of Solkor equipment will do much to provide a more robust network for Central London.</p> <ul style="list-style-type: none"> • CoLC maintains that supplies should be restored in under 5 minutes, and that this will not avoid the problems caused by transient faults over the LPN network. • Whilst most City businesses accept this is a problem that is difficult to prevent, there is a need for greater reporting of these faults so that businesses can determine that it is not their equipment that is at fault, and also due to some companies' board's of directors requiring regular reports on any interruptions to power supply which affects trading activity. CoLC is pleased that UKPN has committed to a customer portal for businesses, and will work with UKPN with a view to this portal delivering clear information for businesses on such faults, and possibly developing an SMS/ email based messaging system for building managers.
Page 19	<p>3.4.5 Electricity Regulation Working Party – end of para 2</p> <ul style="list-style-type: none"> • <i>"The objective of the working party was to challenge infrastructure plans in LPN's business plan to</i> 	N/A	<ul style="list-style-type: none"> • It is the view of CoLC that the challenging of UKPN's plan for London has not resulted in the necessary investment to support London's future growth for the 2015-2023 period, and this objective can therefore not be deemed to have been met. • CoLC does not agree that UKPN's investment plan reflects the needs of the wider business community, given the lack of additional 	<ul style="list-style-type: none"> • As mentioned in comments on 2nd page of this document, following further discussions with UKPN, CoLC is now confident that the level of investment in new capacity will be sufficient to accommodate expected development projections and meet the needs of City businesses.

	<p><i>ensure they will result in sufficient and timely investment required to meet capacity growth and network resilience requirements in London over the 2015-2023 period.”</i></p> <p>3.4.5 Electricity Regulation Working Party – end of para 4 –</p> <ul style="list-style-type: none"> • <i>“The Electricity Regulation Working Party has greatly assisted UKPN to develop an investment plan for London which is supportive of the Government’s aspirations and also reflects the needs of the wider business community”.</i> 		<p>investment to support new development / employment growth up to 2023.</p> <ul style="list-style-type: none"> • CoLC believes that the 4th paragraph under section 3.4.5 of the business plan has been inserted to simply try to represent UKPN as having consulted effectively with stakeholders, despite the views of the Electricity Regulation Working Party not being demonstrated anywhere within UKPN’s business plan update. 	
Page 21	3.5 How Stakeholder	Previous London	<ul style="list-style-type: none"> • <u>This part of the business plan is entirely</u> 	<ul style="list-style-type: none"> • CoLC is confident that upgrades to

	<p>feedback has influenced our plans – Table 7 “Stakeholder feedback”</p> <ul style="list-style-type: none"> • Feedback – <i>“Infrastructure development – Questioned whether UKPN investment plans will be sufficient to accommodate future customer connection requests, and how the cost of the network investment, required to accommodate future connections should be recovered from customers”</i> • Incorporating stakeholder feedback - <i>“We have revised our business plans to reflect stakeholder feedback. In particular: <ul style="list-style-type: none"> ○ LPN's Busines</i> 	<p>Infrastructure Plan of £170m</p>	<p><u>misleading.</u> - The section refers to UKPN consulting with the Electricity Regulation Working Party on capacity / connections / cost of investment ahead of need issues. However the changes to the business plan (reduction of London Infrastructure Plan from £170m to £100m) were not made as a consequence of these discussions, and were in fact due to discussions held with Ofgem which led to the rejecting of proposed funding for strategic investment.</p> <ul style="list-style-type: none"> • <u>The London Infrastructure Plan has been reduced from £170m to £100m, which will be to the detriment of London given that these changes have been made following Ofgem discussions, and not as a result of further demand modeling or any changes to development planning forecasts, which remain the same as they were at the time of the writing of the Draft business plan.</u> 	<p>existing substations serving the Square mile will provide sufficient capacity for the future. Our main concern remains that UKPN's reinforcement plan is flexible enough to ensure that capacity is invested in sufficient time so that it meets the needs of developers' delivery programmes.</p>
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	<p><i>s Plan includes £100million to undertake the London Infrastructure Plan. This investment is supported by existing planning standards. The investment costs will be recovered from customers in accordance with existing statutory conditions.”</i></p>			
Page 23	<p>Connections – Transparency of how UKPN calculates customer costs.</p>	No change	<ul style="list-style-type: none"> • CoLC supports UKPN’s work in improving transparency of customer connection costs – Reinforcement charges and rebates remain a key concern amongst the Central London 	<ul style="list-style-type: none"> • CoLC will work with UKPN in reviewing this area in line with developers as part of ongoing stakeholder engagement.

			development community.	
Page 23	Customer Portal	New addition to UKPN 2015-23 Business Plan update	<ul style="list-style-type: none"> • CoLC supports this initiative and has been instrumental in canvassing the opinions of City businesses and developers. It is important that these customer groups are provided with a business focused portal, rather than the current UKPN standard “Self-Serve” portal which is more aimed at small residential customers. CoLC remains committed to working with UKPN in developing this initiative further. • The customer portal is needed to provide businesses in the City with key information regarding transient faults to avoid them having to check their systems when such an issue occurs, and to report back to boards of directors on outages (this is commonplace for companies with trading floors, even if a an outage of a few seconds is experienced.) 	<ul style="list-style-type: none"> • As previously mentioned CoLC will work with UKPN in developing the customer portal to meet the needs of businesses and developers.
Page 28	4.2 Outputs for 2015-2023 – Table 9 – Connections – “Major Connections stakeholder engagement”	New incentive added for major connections	<ul style="list-style-type: none"> • CoLC supports this initiative which we understand will ensure better timeliness of connections to major developments once order has been placed. Whilst we understand that this process will promote the need for continuous engagement between the developer and UKPN, there is relatively little information available on how it will work at present, and we would request a better understanding of how this initiative will work and how it will be enforced by the RIIO process. 	<ul style="list-style-type: none"> • CoLC will work alongside UKPN in developing the “major connections incentive”, to ensure timely delivery of supplies to new development sites. • UKPN has also committed to developing with CoLC a range of Key Performance Indicators, some of which will be based around delivery of connections.
Page 42	5.1.1 Major projects and investments	Changes to plan to reflect 3 new substations in London rather than 6 originally stated in draft business plan.	<ul style="list-style-type: none"> • No clear indication of discussions undertaken with Ofgem regarding their rejection of funding mechanisms for investment ahead of need, and of this being the principle reason behind the changes in the plan. 	<ul style="list-style-type: none"> • This is now mentioned on page 22 of the July business plan.

Page 42	<p>London Infrastructure Plan</p> <ul style="list-style-type: none"> • <i>“WTP (Willingness To Pay) studies – There was strong support from the Electricity Regulation Working Party for this investment given the importance of this investment for the economic growth and prosperity of the wider UK economy in the long term.”</i> • <i>“Stakeholder engagement – UKPN extensively engaged with its stakeholders, including the Electricity Regulation Working Party. UKPN recognises the investment solutions must be in line with requirements of customers and</i> 	N/A	<ul style="list-style-type: none"> • The Electricity Regulation Working Party is mentioned twice when UKPN refers to the reasons for revising the business plan. <u>Again this is very misleading and is worded as if the discussions with the Electricity Regulation Working Party were the compelling reasons to amend the plan which is categorically not the case.</u> • Further, CoLC upholds that UKPN's investment solutions <u>are not in line</u> with the requirements of their customers and key stakeholders in London's Central Business District, as they are only based upon the immediate development pipeline, despite the plan planning for ten capacity needed for the next ten years. • The “London Infrastructure Plan” section appears to have been constructed to portray UKPN as having ticked every box in terms of demonstrating that stakeholder views have played a leading part in the formation of the business plan update, however the fact remains that our views on the need for greater capacity to support growth in development and employment, have not been reflected in the final proposals. 	<ul style="list-style-type: none"> • This has been removed from the July business plan at the request of CoLC. • The July business plan clearly outlines how stakeholders have influenced the plan.
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	<i>key stakeholders</i>			
Page 43	<p>Table 18 London infrastructure development revised plan – New City of London substation at Wellclose square has been excluded from business plan update –</p> <ul style="list-style-type: none"> • Latest status – <i>“Waiting for initial customer enquiry before agreeing funding allocation”</i> 	<p>City of London substation previously included in £170m London Infrastructure Plan, as mentioned in draft business plan.</p>	<ul style="list-style-type: none"> • UKPN has only included 3 of the planned 6 substations in their London Infrastructure Plan, with the 3 that have been identified (Vauxhall Nine Elms, White City, West End) largely supplying development projects that were due to begin soon anyway. The plan therefore makes no allowance for future growth in Central London, and the exclusion of the City of London substation at Wellclose Square is completely unsatisfactory to CoLC, given that there are several large development sites likely to need between 5-15MW per site, coming forward between 2015 - 2023, with no available spare load in this area. <u>It is therefore very clear that UKPN’s London Infrastructure Plan represents no new initiatives to assist Central London in overcoming issues with capacity and timeliness of delivery, and that it is “business as usual” for the forthcoming 8 years</u>, which will severely damage the competitiveness of London. • Given that Wellclose Square will not be included in the RIIO ED-1 business plan, but that it is likely to go ahead during the life of the plan, this will mean that the substation will be funded entirely by customer connections. This promotes a “luck of draw” culture which is unfair to developers who will pay more for their connection than the likes of those developers connecting to the Calshot St substation, which is included in the RIIO ED-1 plan, as the developments being fed from it are nearer to completion. • Discussions between the Electricity Regulation Working Party and the Mayor’s High Level Working Group and UKPN / Ofgem have proved 	<ul style="list-style-type: none"> • As mentioned previously, UKPN’s planned upgrade of existing substations is expected to provide sufficient capacity for new development in the City of London.

			<p>to be fruitless in trying to provide alternative proposals to improve the timing of investment to avoid late delivery of supply to new developments and associated risks. Whilst CoLC appreciates that there are legal constraints surrounding investment ahead of need, <u>UKPN should be allowed to make greater investment in London on the basis that the assets are greatly over used compared with other parts of the UK.</u></p> <ul style="list-style-type: none"> • The RIIO ED-1 plan was set at 8 years to provide greater certainty, and the ability for UKPN to take a greater view in terms of investment and forthcoming developments which would be to the benefit of customers. UKPN's business plan update however does not provide any of these benefits to business customers in London's Central Business District. • The Electricity Regulation Working Party has highlighted the need for London to be treated as a special case throughout the whole engagement process. <u>It appears that the "London infrastructure development revised plan" offers nothing new to support growth in Central London, and that the requirements of a central business district have been ignored, which considering its contribution to the UK economy, is very concerning.</u> 	
Page 46	Table 19 Smart Metering Investment requirements	Not mentioned in draft business plan	<ul style="list-style-type: none"> • Whilst supporting the roll out of Smart Metering, CoLC is surprised that UKPN is investing £105m in facilitating such technology across its network throughout the RIIO ED-1 period, (even though the take up of smart meters is unknown), considering that this is more than UKPN's investment plan for supporting the future growth of London. 	<ul style="list-style-type: none"> • CoLC continues to support Smart Metering and is happy to facilitate discussions with City businesses to bring about trials for such technology in buildings with large point loads, which would provide the greatest energy / carbon savings.

General comment	Resilience	Draft business plan mentioned need for automated substations to provide greater resilience	<ul style="list-style-type: none"> No mention found in business plan update, however CoLC understands that automation at substations is still to be included in the plans, which it fully supports. 	<ul style="list-style-type: none"> CoLC would like to know which substations serving the City will benefit from automation.
General comment	Outputs and Key Performance Indicators (KPI's)	No mention in draft business plan	<ul style="list-style-type: none"> There is nothing in the business plan which refers to how UKPN will be measured against the outputs which they have committed to. <u>CoLC suggests a broad range of Key Performance Indicators to allow customers to see how UKPN is performing against their business plan over the course of the RIIO ED-1 period.</u> The various “outputs” which UKPN will have to work to as part of the RIIO ED-1 process are not conclusive as they do not outline how well UKPN should be performing against deliverables. The outputs mentioned in the business plan are not reflecting the needs of the business customer, such as dealing with transient faults etc. It is understood that the customer portal could be amended to provide business customers in Central London with a SMS message when planned switching / transient faults take place. This had been raised as being an issue numerous times by the Bank of England and various City banks whom have to report any small blips in supply, and CoLP would like to work with UKPN in modifying their customer portal to address this issue. 	<ul style="list-style-type: none"> CoLC is in the process of agreeing with UKPN a number of KPI's to measure their progress throughout the life of the 2015-2023 business plan.
General comment	Response to stakeholder comments	N/A	<ul style="list-style-type: none"> UKPN has at no point made any response to the comments made by the “Electricity Regulation Working Party” on the Draft Business Plan. 	<ul style="list-style-type: none"> UKPN has provided CoLC with a document outlining how our views have been considered and those which have been included in the business plan.
General	Peak load reduction	Section 5 – draft	<ul style="list-style-type: none"> Whilst the plan mentioned Smart Interventions, 	<ul style="list-style-type: none"> CoLC continues to support these

<p>comment re Section 4</p>		<p>business plan.</p>	<p>there is no specific information mentioned in the plan regarding how UKPN is likely to reduce peaks on their network in areas such as City of London where there is high demand. It is however our understanding that UKPN is undertaking a demand side response project which will allow local demand generation to avoid the need to keep reinforcing the network. CoLC, whilst supportive of this concept is not supportive of using standby diesel generators for this purpose given the effect on local air quality.</p> <ul style="list-style-type: none"> • CoLC is happy to work alongside UKPN in reducing peaks on the network by promoting new tariffs amongst businesses to encourage the adoption of smart infrastructure. • There are also no initiatives in the plan to reduce the length of cables and for substations to be built closer to the point of connection which would have less of an impact on street works. 	<p>initiatives, but remains concerned over the use of standby diesel generation which will have a negative effect on air quality in the Square Mile.</p>
<p>General Comment</p>	<p>Street works</p>	<p>Pg 29 Draft Business Plan – refers to greater expenditure for having to undertake street works in London.</p>	<ul style="list-style-type: none"> • <u>CoLC is working alongside UKPN in minimizing the impact of street works in the Square Mile, however there is no mention of anything to this affect in the business plan update.</u> The draft business plan called for more investment on the basis that works were harder to undertake in Central London, however there is no mention of this in the updated business plan. • This shows that UKPN has not factored in the how they will deal with Lane Rental or build in any new mechanisms to speed up the time which their operatives spend working in the street. Given that this is a major issue for the City and Central London this a big disappointment. 	<ul style="list-style-type: none"> • CoLC upholds that UKPN needs to do more to manage the incidence of street works. It is our understanding that UKPN is undertaking a number of initiatives of this kind, and it is surprising that they have not been mentioned in the July business plan. • CoLC has questioned why Lane rental is not mentioned in the July business plan, and UKPN has maintained that this is a DNO specific issue (as it is a London based initiative) and therefore it is not a core part of the RIIO ED-1 business plan. CoLC upholds that as it is possible that Lane Rental could be

				<p>rolled out as a Local Authority based initiative across the UK, it is likely to become more of a national issue and therefore it would be prudent for UKPN to refer to its likely impact on their works, in their business plan.</p>
General comment	RIIO framework	N/A	<ul style="list-style-type: none"> CoLC is generally concerned regarding clarity surrounding the stakeholder engagement process for RIIO ED-1 and we are not convinced that this has been a fair and reasonable process, given that we have not been provided with key information such as network capacity stats etc, and that our views have not been incorporated in the business plan, despite the Electricity Regulation Working Party representing the property industry and business needs of London. 	<ul style="list-style-type: none"> CoLC supports UKPN's business plan being granted "fast track" approval, in that UKPN has consulted extensively with CoLC and other central London stakeholders throughout the RIIO ED-1 period, and it is clear that UKPN's final business plan is representative of some of these comments.
General comment	Network capacity	N/A	<ul style="list-style-type: none"> The regulation / RIIO ED-1 is flawed in the respect that it has no mechanism for checking that the network capacity planned for will be sufficient for future need, which leaves developers in an exposed position in terms of having the certainty of knowing that they can deliver their development within their planned timescales. 	<ul style="list-style-type: none"> CoLC will continue to lobby Ofgem and wider government in calling for flexibility to be built into the system to allow less of a "hand to mouth" approach to providing new capacity to support future growth.