

Alex Wilkes  
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Dear Alex,

**Re: WPD 2015-2023 Business Plan**

I am writing to provide stakeholder input to the WPD 2015-2023 Business Plan.

Regen SW is the organisation promoting renewable energy in the south west of England. We have over 250 organisations as members, primarily companies involved in renewable energy. We have been pleased to work closely with WPD over the past year to start to address the issues for the electricity grid resulting from a major increase in distributed generation. Our comments, therefore, are focused on the importance of the grid to the development of distributed generation.

**Distributed generation**

The next decade will be an exciting chapter in the development and deployment of renewable energy technology in the south west and nationally. As Government strives to meet its legally binding commitment to provide 15% of energy from renewable sources by 2020, we can expect to see the sector deliver in line with the Department of Energy and Climate Change's roadmap for 29GW of installed capacity<sup>1</sup>.

Regen SW recently worked with WPD on a report examining scenarios for deployment in the south west. We can expect to see a major increase in the amount of distributed generation connecting to the network in the next ten years, amounting to between 1.5 and 2.5GW by 2023 (between 1.2 and 2.0GW by 2020), building on the installed capacity at the time of the report of 0.5GW<sup>2</sup>.

In the south west region of WPD's service area, the distribution network is currently at capacity, adding significant expense and risk to the development of any new project. However, significant solar, wind and marine energy resource in the area still makes the south west one of the country's most attractive regions for the realisation of renewable energy deployment.

Given this, we believe that engaging with distributed generation customers, providing customer service systems and investing in a distribution network that is ready and able to accommodate this increase in generator technology deployment should be a key priority both now and in the forthcoming Business Plan. We have set out below the key issues we believe should be addressed.

**1. Grid Reinforcement**

Whilst we are pleased to see that WPD has assigned £2.8M per year of capital expenditure to grid reinforcement for distributed generation under its draft Business Plan, we are concerned that this

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<sup>1</sup> The Department of Energy and Climate Change, July 2011, UK Renewable Energy Roadmap, p. 5.

<sup>2</sup> Regen SW, December 2012, SW Renewable Electricity Scenarios 2015-2023, p. 19.

investment is insufficient to enable reinforcement of the core network given the existing pressure on the network and the evidence of future demand. We understand that there is already a need for such reinforcement works and that the cost of one of these alone will cost £9 million.

Without significant investment in infrastructure from the National Grid and WPD, partnering with investment from industry, the build out of renewable energy in the south west will stagnate and the region will fall short by as much as 40% of its share in the 15% by 2020 target.

**Recommendation: WPD make a case to OFGEM to enable capital expenditure on the core network to cope with demand for distributed generation, whilst retaining the principle that developers should bear the direct costs of the specific projects.**

## **2. Information**

Effective two-way flow information between WPD and distributed generator developers will be key to ensuring investment in grid reinforcement is managed effectively. The meeting between WPD and a group of representative distributed generation developers on the 2<sup>nd</sup> of May at Regen marked an important step and we look forward to WPD's proposals for improving the information available.

**Recommendation: WPD provide in its Business Plan a commitment to leading the way in providing information on the state of the network to distributed generator developers**

## **3. Partnerships**

The recent meeting between WPD and distributed generation developers explored sharing costs between consortia of developers under Section 22 of the Electricity Act and concluded this would be a useful mechanism in some circumstances.

**Recommendation: WPD set out the key criteria for a consortium approach to grid reinforcement.**

## **4. Innovation and Smart Solutions**

There is widespread agreement that more innovative approaches to grid management will be needed to enable greater distributed generation capacity in the future. WPD is already playing a role in piloting such alternatives through the Low Carbon Networks Fund. Cornwall Council has recently consulted on a smart grid route map and is working with Regen SW on the final document.

**Recommendation: that WPD set out proposals in the Business Plan to take a leading role in developing innovative solutions to grid management.**

Yours sincerely,



Merlin Hyman,  
Chief Executive