

9th August 2013

Anna Rossington
Ofgem
9 Millbank
London
SW1P 3GE

By e-mail anna-rossington@ofgem.gov.uk

Mynydd Awel
Mold Business Park
Maes Gwern
Mold, Flintshire
CH7 1XN

T: 01352 757 604
F: 01352 700 291
E: info@westcoastenergy.co.uk
W: www.westcoastenergy.co.uk

Dear Anna,

RIIO-ED1: Electricity Distribution Networks Operators' (DNOs) Business Plans

Preamble

West Coast Energy Ltd welcomes the opportunity to respond to the Ofgem request for comments on the 'RIIO-ED1 Electricity Distribution Network Operators (DNOs) Business Plans' as cited in the Ofgem letter of 1st July. West Coast Energy have acted as developers and consultants to a number of major windfarm projects throughout Great Britain and have been responsible for the development of over 65MW of wind energy capacity with a further 300MW either going through planning or with a planning application being prepared. We estimate that all the projects will reduce the CO2 emissions of the United Kingdom by over a million tonnes per year. We have also been active participants in various electricity industry fora including the Transmission Arrangements for Distributed Generation (TADG), Transmission Access Standing Group (TASG). We were also involved in the preparation of the new ENA connections guide for distributed generation and participated in the Flexibility and Capacity Working Group of the RIIO-ED1 price control. West Coast Energy will focus the majority of its comments on the impact of any proposals on large scale distributed generation and in particular onshore windfarms in the range 1-100MW.

Background

The business plans of the six DNO companies represent the outcome of an enormous amount of work, are generally well presented and consist of several thousand pages of submissions. As such it is not possible to do justice in any detail to any plan given the limited time and resources we have available. However, bearing in mind that the primary audience for these Business Plans is Ofgem all we can seek to do is offer guidance as to what features we feel Ofgem should look for when examining the Business Plans.

Stakeholder Engagement

We have been involved a number of stakeholder engagement events from a number of DNOs and have generally been content with the outcomes. However we feel that major generation customers like ourselves have different requirements from say the typical small domestic demand customer and more bespoke sessions aimed at our requirements would have been welcomed. Going forward we would look to Account Managers for major customers to act as their champions within the DNO organisation and guide customers through and to functions such as planning, design, charging and accounts. Without prior knowledge these can be difficult to contact.



CERTIFICATE NO. 3179

Connections

In terms of connections for major projects while we welcome a rapid turn around in connection applications, we are actually more interested in flexibility and communication with the connections designers etc. For example we would like willingness to provide connection dates more long term than some DNOs are willing to give, which would recognise that major projects like ours, are of necessity long term and uncertain with planning applications, aviation/radar issues not to mention interactions with the transmission system. While we are not averse to connection deposits these should be reasonable and not overly onerous. As mentioned above greater communications, possibly via account managers, would be welcome.

As major connection customers we are not against the principle of connection application fees, provided these are fair and not cost-prohibitive, proportionate, consistent across the country and refundable if the project completes. However they should be aimed primarily at the smaller multiple applications which give rise to the biggest workloads at the DNOs. If a move to application fees would diminish the work load of DNOs designers and reduce the wasted effort they undertake this could lead to a better service to serious applicants and would be welcomed.

Innovation and the Future

There is no doubt that the time period covered by ED1 out to 2023 will see great changes in the way electricity is generated , distributed and used. We would look to Ofgem to examine the DNOs approach to innovation. In particular it must be recognised that innovation for its own sake is of limited value. The Business Plans should look at how the innovations will be used within the DNO, how their widespread use within the DNO will be encouraged and how innovations from other DNOs and other sources can be looked for and adopted. There is no place for the 'Not invented here' philosophy in the DNOs. The uses of electricity could change radically over the next eight years though we would question the emphasis from DECC and Ofgem on Electric Vehicles, small scale distributed generation and heat pumps. Low carbon technologies will need to be adopted by Industry and commercial organisation if the 2050 carbon reduction targets are to be met. Do any of the Business Plans address the wider use of low carbon technologies?

It is probable, if not inevitable that the distribution networks of the DNOs will have to evolve from being purely passive to much more active or 'smart' Have the DNOs made suitable provision for this change and in particular are the DNOs ready to evolve into Distribution System Operators and adopt the monitoring, control and commercial functions that will be required before ED2.

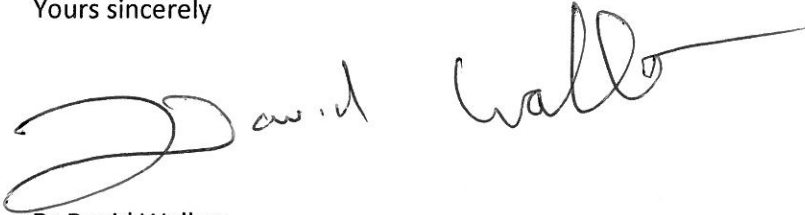
Network Investment

A major capital expenditure on the DNO distribution networks is required and is planned for in the ED1 period. It is the nature of our large scale distributed generation business that large expenditures and timescales are commonplace. Ofgem should look at how it can permit reasonable anticipatory investments, at the very least in planning terms, so that a project once it has obtained consent can proceed to connection without being held up by any requirement to reinforce or build the distribution network. Ofgem should examine the balance between Opex and Capex within the plans so that the optimum solutions to provide connections (Smart versus Capital schemes) is adopted.

All in all the DNO Business Plans appear to be very useful documents and give evidence of a change in culture to put more focus on the customer within the DNO. It remains to be seen if they result in the flexible, innovative, cost effective approach to major generator connections that are required.

We have no issues with our response entering the public domain but if you wish to discuss any of the above please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Walker". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Dr David Walker
Head of Grid and Regulatory Affairs