

Chairman: Adam Humphries



CITYWEST HOMES

Smarter Markets
Ofgem,
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for the attention of Ben Smithers

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Dear Ben

Creating the Right Environment for Demand Side Response

CityWest Homes (CWH) is owned by Westminster City Council and is the City Council's Arms Length Management Organisation. It is responsible for managing the City Council's housing stock of 22,000 homes.

DSR is a topic of considerable interest to CWH on account of two schemes for which it is responsible:

The Pimlico District Heating Undertaking (PDHU)

PDHU is the UK's first combined heat and power operation. Originally taking waste heat from Battersea Power Station it now operates from the PDHU Pumphouse on Churchill Gardens, SW1V 3JF which is just 15 minutes walk from your desk around Millbank and the Grosvenor Road. You and Ofgem colleagues are cordially invited to visit at your convenience.

At the Pumphouse we have two combined heat and power engines generating a total of 3.2MW into Ebury Bridge Substation. And because we have the UK's largest thermal store we are able to generate at any time that most suits power purchasers or the DNO. Owned by Westminster City Council, PDHU is operated as a not for profit enterprise seeking to optimise income from electricity sales to offset cost of heat to 3,256 homes, 50 commercial premises and 3 schools within Pimlico. Most of the connected homes are social housing and optimising electricity sales reduces risk of fuel poverty.

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The PDHU team is bemused by tensions within the electricity industry. On the one hand it receives winter Triad payments and tariffs for electricity which have an understandable winter bias. But on the other hand, PDHU regularly engages with UK Power Networks who are keen to optimise mid-day generation in summer to relieve load on the Ebury Bridge Substation - a substation that is summer-biased because of high chilling loads locally.

With the largest thermal store (which you and colleagues are welcome to climb) PDHU is able to optimise its electrical outputs unhindered by instantaneous heat requirements. Yet with power purchase deals typically pandering to the interests of the wholesale market, there is no obvious means of sharing benefits that might accrue to the DNO. With complete flexibility in timing of our generation and a commitment to get the very best prices for our electricity for the sake of our residents, we are not convinced that we are able to access full value for our generation given the cellular arrangements within the electricity industry.

Any move by Ofgem to assist local generators achieve full value for their exports will not only benefit the electricity industry, it will also assist with development of CHP-based urban heat networks - an infrastructure DECC and the GLA are keen to promote.

Hide Tower and the demise of Cyclocontrol

Just 5 minutes walk from your desk in Millbank is Hide Tower, Regency Street off Horseferry Road. It is one of 8 tower blocks owned by Westminster City Council which receive Cyclocontrol services. Devised in the 1970s by the former LEB, Cyclocontrol provides off peak electricity for domestic hot water and night storage heaters. The loads within each flat are controlled by signals generated either from the substation or, in the case of Hide Tower, from the Millbank telephone exchange.

The benefit of Cyclocontrol is that a temperature sensor at the substation (or Millbank telephone exchange) adjusts the off-peak charge to the night storage heaters according to outside air temperatures.

Your colleague Louise van Rensburg is fully familiar with the system having been lobbied by CWH firstly over EDF's monopoly of Cyclocontrol (EDF being successors to the LEB) and, more recently, over EDF's and UK Power Networks' notice of termination of supply agreements with the explanation that Cyclocontrol is to be dismantled.



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CWH finds it astonishing that at precisely the moment the industry is awakening to 'smart' technologies, Cyclocontrol, a system for remote control of loads devised in the 1970s, is being dismantled without a ready successor.

In the next fortnight CWH will be fitting its own signal generator at Hide Tower so that loads may be switched remotely using web based technology. And this summer it will be engaging in trials to prove that remote load switching is in place for Hide Tower in the run-up to the next heating season.

But CWH remains disappointed that opportunity to switch electric heating loads within its 8 towers either by suppliers wishing to trial how they might balance their supplies or automatically in response to supply frequency by those in generation, transmission or distribution is met by an almost total indifference within the industry. Belatedly only one supplier has shown any interest in participating in CWH's DSR trials and for the moment CWH sees little prospect in receiving useful reward by way of shared benefits.

CWH will proceed at Hide Tower in the hope that Ofgem staff will participate in the research and development of this Millbank opportunity and feel first hand the inertia within the industry.

Please contact me at your earliest convenience to discuss CWH's plans for PDHU and Hide Tower in more detail and to arrange visits.

Yours sincerely

David Wickersham
Technical Adviser