

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	NPGT203	Question Number	3
Question date	20/08/13	Answer date	22/08/13
Submission section question relates to	2. Project Description		
Topic	Customer behaviour		
Question	How will the Supplier(s) in the Balancing and Settlement Code deal with the energy consumption changes to the residential customers and how will the customer benefit?		
Notes on question			
Answer	<p>The ACE method is designed to allow DNOs to directly address specific localised network peaks through DSR. As with any DSR, suppliers' balancing positions may be affected.</p> <p>During the trial, the measures are expected to reduce peak demand by around 1MW and overall demand by around 1GWh a year. To put this in context, total GB electricity consumption in 2012 was 314TWh. The annual demand reduction we are targeting is 0.0003% of this total. The impact of the measures will therefore be on too small a scale to materially affect suppliers' balancing positions. However, we will inform suppliers operating in the location of the trial. This information will be provided as part of the industry dialogue that we are proposing to take place through the course of the trials. Although the project outputs are targeted at learning for DNOs we have recognised that to implement DSR we need to take an industry wide view. For that reason, energy suppliers are a target audience for our stakeholder engagement and knowledge dissemination activity.</p> <p>One of the questions we will investigate during the project is around the commercial and regulatory arrangements that would need to be in place</p>		

	<p>between the DNO and supplier when the ACE measures are rolled out on a large scale.</p> <p>Customers will benefit from the ACE measures in a number of ways</p> <ul style="list-style-type: none"> • They will have the opportunity to voluntarily provide demand side response, in way that is designed to be fun. In return, they will have the potential to gain a financial reward (either individually or at a community level). • Customers may also gain from reductions in their energy bills due to efficiencies identified from their closer relationship with how they use electricity and comparisons with other participants. • The reductions in network investment costs associated with the ACE measures will feed through to lower customer bills.
Attachments	
Verbal Clarifications (Consultants)	