

PowerCon (UK) Ltd

Power Connection Consultants

Ofgem
9, Millbank,
London
SW1P 3GE

Date : 17th February 2015

Your Ref:
Our Ref : Ofgem / RCW

For attention : Ms. O Powis
Distribution Policy.

Consultation, on whether the voltage rule should take precedence over the High Cost Cap for Distributed Generation connections

Dear Olivia,

Thank you for the opportunity to respond to the above consultation.
Regarding the initial statement made within your consultation :

"We have been asked to clarify which of these two rules should take precedence. Put simply, if a customer triggers the HCC should they only pay for reinforcement work carried out up to one voltage level above their point of connection, or should they pay for all reinforcement, including work carried out at higher voltages?"

We would wish to confirm, PowerCon (UK) Ltd support the view taken by Ofgem in that the voltage rule should take precedence over the HCC.

Our reason also supports the stance suggested by Ofgem in that this position provides a more consistent treatment between different customer types

However, and more importantly, we would suggest that the voltage rule would become inoperable/redundant should the HCC take precedence.

To elaborate.... The 'voltage rule' was set in place to limit the exposure to charges applied to customers for reinforcement occasioned by connection works at a lower voltage. Conversely, the HCC has the opposite effect in that it sets a cap and hardly limits charges for DG connections, regardless of the connection voltage !

We do however disagree with the content of the remainder of your letter relating to 'shallowish' connection charging policy.

We would suggest that the imposition of the HCC does treat DG customers an unfavourable manner compared to demand type customers and whilst Ofgem continue to infer that there is a 'shallowish' connection policy this, clearly, is not the case.

We would therefore suggest that Ofgem are treating DG customers in a totally inconsistent manner compared to similar projects that are demand orientated.

PowerCon (UK) Ltd. Trading address: 22, Barass Ave, Worcester WR4 0QD.

PowerCon (UK) Ltd. Registered office address: 93, High Street, Evesham, Worcestershire WR11 4DU

Company Reg No 07590423 in England and Wales

We would also suggest that the High Cost Cap is not part of any legislation or Licence Condition and the only reference to High Cost Cap resides within the Common Charging Methodology Statement; this being a document which is completely under the control, jurisdiction and discretion of Ofgem.

With regard to the comment that 'reinforcement of the distribution network at higher voltages is more likely to create capacity that other customers may benefit from' ... we would suggest that surely this is always the case, regardless of who actually pays for that reinforcement?

Again, to elaborate, would not capacity created not be of benefit to all and any future customers requiring a connection to that part of the network?

Conclusion

Clearly, the situation that has now arisen is that a distribution network that was designed and built for demand type connections and loads; and with the advent of DG, is now getting to be saturated by DG and therefore no longer fit for purpose.

We would again suggest that the Charging Methodology requires a complete review to take in to account the levels of DG that are required to be connected and the geographical locations that the DG is and will be located.

We trust the above is of assistance and would confirm that, as always, we would be pleased to be included in any forthcoming discussions or consultations on this subject.

Bob Weaver
Director
PowerCon (UK) Ltd