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Dyddiad / Date: 11.05.15

Ms. Maxine Frerk
Interim Senior Partner – Smarter Grids &
Governance
The Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Dear Ms. Maxine Frerk,

Ofgem - Quicker and more Efficient Distribution Connections & Non-Traditional Business Models Open Letter (February 2015)

The Isle of Anglesey County Council's (IACC) Economic & Community Regeneration Service welcomes the opportunity to comment on Ofgem's Quicker and More Efficient Distribution Connections and Non-Traditional Business Models open letter.

The IACC in partnership with key stakeholder have established the Anglesey Energy Island Programme (EIP). The EIP aspires to establish the Island as a world renowned centre of excellence for producing, demonstrating and servicing low carbon energy, which in turn will provide a sound base to encourage economic diversification and transition, delivering positive benefits over the longer term.

Quicker and More Efficient Distributions

Due to the proposed significant energy related investment on the Island, including that of proposed new nuclear power and marine / tidal energy and subsequent supply chain opportunities, there is a clear need to work with energy providers and government to ensure that the network is best placed to deal with future demand and the UK's low carbon transition. This is a once in a generation opportunity for Anglesey to maximise upon any investment in the region and it is imperative that the critical infrastructure is in place prior to the private sector investment, otherwise, the opportunity will have been missed.

The IACC have also been working with Scottish Power Energy Networks (SPEN) and the Welsh Government's Enterprise Zone Programme to develop an Integrated Energy Plan for large load developments that the IACC are eager to progress in order to further regenerate the region and create employment to meet future opportunities within the energy sector and any associated development.

One of the most important aspects for the IACC is to have enough spare capacity to accommodate new connections. There are currently constraints on parts of Anglesey's electrical network to meet

future demand, hence, it could take significant time and cost to connect to the network. This would result in detracting private investment on Anglesey which subsequently prevents economic growth. In effect, the lack of capacity to meet future demand along with the time and cost to connect onto the electrical network is a barrier for economic growth.

The IACC have estimated the likely future developments by utilising like for like developments in the SPEN area. Analysis of existing supply capacity to these similar sized developments has enabled SPEN to provide load requirements for each proposed development. As can be seen from the Large Load Developments Map (enclosed) the estimated additional loading required is approximately 16MW (accurate as of March 2015) which would cost £11.7m to connect to the electrical network.

This is a significant cost to the customer and it is unlikely that developers would be able to pay for this enabling works to allow their project to go ahead. The lack of capacity within the existing electrical network cannot meet future demand and there is a case for change in the regulatory system to enable improvements to the infrastructure to allow strategic projects to proceed which could provide positive economic benefits. There is also a timing issue associated with developments requiring proactive enabling works on electrical infrastructure to be undertaken at an early stage. Failure to do so could result in failure of companies to take advantage of local investment opportunities and a subsequent negative socio-economic effect.

Non-Traditional Business Models

In addition, the IACC welcomes the approach to developing non-traditional business models which could take account of local organisations developing systems to reduce local electrical demand / supply demand control services. The IACC has in the past worked with SPEN and Menter Môn to bid for funding to take forward a new approach to meeting local demand ('Anglesey Community Energy' bid to Ofgem's LCNF) and would welcome similar funding opportunities in the future.

As a local authority, the IACC would be eager to have a system in place that would allow the Central/Devolved Government or DNOs to fund strategic reinforcement proactively while protecting consumers. Due to the scale of potential investment on Anglesey in the next few years, that would transform the local and regional economy, it would be prudent for Anglesey to be identified as a 'development area' which would allow proactive investment to improve the electrical capacity to meet future demand. This could help to remove barriers and to increase timely investment in the electricity network to attract further investment in the region. Upgrading critical infrastructure to unlock the investment potential of the region would allow Anglesey to maximise upon future transformational opportunities.

We would be pleased to work with Ofgem, SPEN and others to use Anglesey as a model area for piloting new approaches.

We hope the comments provided will be fully considered when seeking to identify solutions which will benefit new connections and would welcome the opportunity to discuss any related matter further. Should you require any additional information or wish to discuss any aspect of our response further please do not hesitate to contact me on 01248 752 499 or e-mail DylanJWilliams@anglesey.gov.uk. Alternatively, please contact the following:

John I. Jones – 01248 752452 JohnJones@anglesey.gov.uk

Dylan Ll. Jones – 01248 752497 DylanLlewelynJones@anglesey.gov.uk

Yours sincerely

A handwritten signature in black ink, appearing to read 'Dylan J. Williams', with a stylized, cursive script.

Dylan J. Williams

Pennaeth Gwasanaeth - Datblygu Economaidd
Head of Service – Economic Development

Cc: John Idris Jones
Liz Davies
Dylan Llewelyn Jones