

Ofgem Mid Period Review (MPR) - RIIO T1**BEAMA Response**

BEAMA is the trade association for the electro-technical industry, representing over 200 companies in the power networks, electrical and building services sectors. Our members, who range from multinationals to SMEs, manufacture the wide range of equipment required for end-to-end electrical systems.

BEAMA Networks represents manufacturers of equipment for electricity transmission and distribution systems. BEAMA has recently formed a new group to focus on the 'Energy System' challenges in the sector and provide high level leadership and guidance to all BEAMA sectors on the role of technology for the transformative change required in the GB energy systems, and the commercial and regulatory drivers necessary to deliver the potential value across the whole system. Members of both our Networks and Energy systems groups have provided input into this response. Our response is limited to the electricity transmission element of this consultation only.

Question 1 - Do you have any views on our proposals to allow funding for NGET's enhanced SO activities?

BEAMA fully support the need to facilitate new services that promote the market for demand-side response, recognising the increasing challenges the industry faces to balance the system with rising levels of distributed generation and large scale renewables.

Any new outputs for NGET designed to reflect the enhancements to its System Operator (SO) role, should complement any potential future changes that may also be made to the regulatory framework, thus allowing DNOs to operate as DSOs. This recognises that there will be a requirement to balance the system at distribution level. In particular we see the outputs and ongoing work of the Future Power System Architecture project as a vital programme of work to determine the longer term system operator roles. Caution should be taken to not prevent options going forward that may be suggested as an output of this work.

The success of the recent outcome of National Grid's 200MW Enhanced Frequency Response (EFR) tender also demonstrates the readiness of the market and supply chain to deliver the necessary balancing services. In this case National Grid tendered for 200MW in the auction, but in total received up to 1.4GW of potential projects, all viable. The EFR was especially enlightening in the context of the readiness of storage technologies for such application. From this auction alone National Grid have estimated costs will reduce by £200m. So the value in balancing services is now known and has been proven further as a result of some of the innovation projects that National grid and the DNOs have been involved in to date.

BEAMA would therefore support National Grid in their request for additional funding to support efforts on Demand Side Response services covering the period from April 1st 2015 to 31st March 2019. We can see how this would help to promote the values of DSR to customers, raise awareness and importantly create a level playing field in the market for demand customers who wish to participate in a DSR market. This is also relevant to



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discussions related to the capacity market where we are perhaps not seeing this level of support in providing a level playing field. Technologies and applications such as grid connected energy storage used for balancing and frequency response, need to bid into auctions on a competitive basis against other traditional forms of this service (back up generation).

Question2: Do you have any views on our proposal to reduce the fault level outputs and funding for NGET?

This is an understandable decision given fewer generation connections to the transmission network have taken place than previously anticipated and planned for.

Question 3: Do you have any views on our proposals to declassify the shunt reactor output and make no adjustments to allowances for NGET?

The increase in embedded generation has undoubtedly caused an increased need for voltage control on the system. De-classifying shunt reactors will make way for new technologies and solutions that address voltage control. BEAMA would support this action as it provides the opportunity for NGET to diversify in the technologies and applications they apply. There is no doubt that the supply chain will be able to deliver this and meet the increased need for voltage control on the system.

BEAMA do however, support National grids application for increased funding and believe Ofgem should re-consider their decision to leave funding unchanged for system voltage control requirements. The increased funding requested will also support the introduction of new and innovative technologies. BEAMA members are well aware of the voltage issues arising on the system and there will be a growing need for solutions to tackle this.

A good example of where similar technologies have been successfully trialled are seen from the LCNF tier 2 project with Electricity North West, CLASS (Customer Led Active System Services).