

Chiara.redaelli@ofgem.gov.uk

Avonbank
Feeder Road
Bristol
BS2 0TB

Email: nrichardson@westernpower.co.uk

Chiara Redaelli, Senior Manager
DSO and Whole System Coordination, Energy Systems
Management & Security
Ofgem
10 South Colonnade
Canary Wharf
London E14 4PU

Our ref

Your ref

Date

24 March 2021

Dear Chiara,

Prohibition on Generating Guidance (POGG)

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc in response to Ofgem's Consultation on amendments to the POGG. We welcome the opportunity to comment on Ofgem's proposals.

We have a query relating to paragraphs 1.8 and 2.14 of the POGG.

Ofgem previously confirmed that it was permissible for WPD to continue with arrangements to operate small scale roof top solar PV at our offices & depots as part of our Business Carbon Footprint programme. We explained that our intention is to match onsite demand across our property portfolio. We are registered for FITs so that any excess units from individual sites can be exported to the grid and purchased by a supplier in order to offset against other sites where the generation capacity is limited or nil. This also contributes to total UK emissions reductions. However as required by the licence condition we do not contract to provide flexibility/grid support services.

I would be grateful if you could confirm that these arrangements continue to be permissible under the Category B exemption.

We propose an amendment to paragraph 2.14 (see in red below) which would reflect paragraph 1.5 more accurately and clarify that where the licensee operates carbon neutral generation behind the meter to supply its own premises, excess units may be purchased by a supplier to contribute to UK emissions reductions.

1.8. The Clean Energy for all Europeans Package has been implemented in December 2020 through changes to the standard licence conditions². This has similarly required that distribution licence holders do not own, develop, manage or operate energy storage facilities, unless the Authority has granted its approval. It furthermore requires that any facility that a licence holder operates under an

exception granted by the Authority is not used to trade energy and flexibility services ~~buy or sell electricity~~ in the electricity markets.

2.14. For the avoidance of doubt, this shall not prevent licensees from operating assets behind the meter which have the ~~sole~~ primary purpose of minimising their business' carbon footprint and are not used to derive revenue by providing flexibility services. Such measures may also include investments in electric vehicle fleets or small-scale carbon-neutral generation where the ~~sole~~ primary purpose of such assets is to supply the licensees' premises and such assets are not used to provide electricity or flexibility services. As laid out in 1.5, there are conflicts of interest where a licensee operates generation assets in network areas under their operational control. Therefore, the facilities must not be used to trade energy and flexibility services ~~buy or sell electricity~~ in the electricity markets, including markets for grid support services.

I hope this is helpful. Please contact me at nrichardson@westernpower.co.uk if you wish to discuss any of the points made in this letter.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P Branstons', with a stylized flourish.

PAUL BRANSTON
Regulatory & Government Affairs Manager