Electricity Network Innovation Competition Full Submission

Supplementary Answer Form

Project: Optimise Prime

Tick if this answer has been provided verbally: ☐

Project code	UKPNEN03	Question Number	Q11
Question date	21/08/2018	Answer date	23/08/2018
Submission section question relates to	2.2 Technical Desctiption of the Project		
Topic	a) Low Carbon/environment and net financial benefits		
Question	For Method 2: the additional capacity created seems to be based on everyone accepting flexible connection even before the network has no capacity left. How will someone be incentivised to take a constrained connection rather than just using up the existing network capacity? What would be the DNOs' mechanism for paying constraint costs if no reinforcement is required?		
Notes on question	Where the network is unconstrained, we have assumed that a traditional 24/7 connection is offered to and accepted by the Customer. As per paragraph 10.3.3, for both our Base case and Method 2 we have assumed that connecting Customers will only be offered a Timed (for Base case) or a Profiled (for Method 2) connection respectively when the network at the requested point of connection is constrained and does not allow for a 24/7 traditional connection. Table 19 and Figure 29 (pages 71 and 72 respectively) of the FSP document explain and graphically demonstrate the aforementioned. When a profiled connection is offered, it should be made clear that the connection profile will match the site demand (site load profile) rather than the constraint on the network. As such, it is expected that, in most cases, there may well still be some spare capacity at the substation where the connection has been made. The spare capacity will be the difference between the headroom at the substation and the profiled connection accepted by the Customer. The site planning tool will be designed to provide connecting Customers with a load profile for requesting connections from the DNO, if and where there is no 24/7 available capacity at the requested point of connection.		

	The connecting Customer will benefit from a profiled connection as an alternative to network reinforcement, as their connection costs will be lower. This forms the incentive for the connecting Customer. Based on the above points, no unnecessary constraint payments will be provided to connecting Customers. Finally, it is worth mentioning that the gap of profile-type connection offerings by DNOs where network contraints exist, has been recently highlighted in Ofgem's consultation "Getting more out of our electricity networks by reforming access and forward-looking charging arrangements"[1].
Attachments	

[1] Paragraphs 3.15 to 3.21: https://www.ofgem.gov.uk/publications-and-updates/getting-more-out-our-electricity-networks-through-reforming-access-and-forward-looking-charging-arrangements