

Alena Fielding
Office of Gas and Electricity Markets
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28 March 2018

Dear Alena,

RE: UK Power Reserve response to the proposal to modify Standard Condition 12 of all electricity distribution licences

Submitted via email

Please find here UK Power Reserve's response to the statutory consultation on a proposal to modify Standard Condition 12 of all electricity distribution licences.

Context of response

UK Power Reserve is the leading provider of secure, flexible, low carbon electricity and services to the UK power market. With a 1013MW portfolio of decentralised thermal power generation and battery storage assets, we help keep the country's electricity system balanced and resilient. Our fast-ramping, low-cost assets are located across England and Wales, improving competition, contributing to security of supply, and delivering better value to consumers.

Response

UKPR welcomes the possibility to provide Ofgem with our thoughts on the implementation of the Statutory Instrument introducing A&D fees:

- UKPR supports the rationale for the Statutory Instrument allowing DNOs to charge upfront A&D fees in order to allocate costs more fairly across all applicants and not only to customers who accept the connection offer.
- UKPR also supports the approach of separating the various connection offer activities, as well as the inclusion of costs incurred by DNOs when assessing applications, allowing DNOs to charge for any or all of these, depending on the work undertaken.
- Although we agree with the intent of the wording of the Statutory Instrument, Ofgem must ensure that the text of the law is not subject to wide interpretations, allowing customers requesting a connection to take advantage of vagueness in the words, and potentially avoiding the payment of the relevant fees through technicalities.

- Ofgem may need to reconsider some of the ambiguity in section 12.7, specifically that the licensee is not obliged to enter into an agreement if the relevant expenses have not been paid. The wording may allow distribution operators to accept agreements despite not receiving the appropriate connection fees.
- Ideally, the payment of the relevant connection offer expenses should not be at the discretion of the distribution operators. UKPR believes that all customers should pay for the services they receive, and therefore do not see any rationale for any particular category of applicants to be exempt from A&D fees.
- This clarity is necessary to deter speculative applicants seeking connection offers which are less likely to be accepted, subsequently impacting the efficiency of the connection offer process.

We welcome the opportunity to discuss any of these points further. Should you have any questions, please do not hesitate to contact James Jackson at james.jackson@ukpowerreserve.com.

Kind regards,

James Jackson
Regulatory Affairs Analyst
UK Power Reserve Ltd