

# DPCR5 – Success Criteria



## **Environmental Issues**

**Implementing a workable and balanced set of incentives aligned with energy policy objectives**

## **Customers**

**Developing an effective and equitable framework that is in the interests of the end customer**

## **Networks**

**Investing to preserve the safety and continuity of energy supplies and ensure that networks are sufficiently resilient to severe weather events**

## **Financial Issues**

**Ensuring that electricity network companies are able to continue to attract investment against a background where successive price reviews have significantly increased the risk borne by DNO**

# **SP Manweb Distributed Generation**

**Peter Roper  
Project Manager, Regulation**

- Primary objectives:
  - Obtain your views
  - Consider how we can all work together to deliver DG
- Discussion around:
  - What changed at the last price control in 2005?
  - What has happened in terms of MW connected?
  - How/why is this different from what was predicted?
- What could change in the next price control

**What are your views?**

# SPM Position

## Renewables

● Wind Connected	400MW
● Hydro Connected	140MW
● Wind Under Construction	256MW
● Wind Design & Planning	600 MW

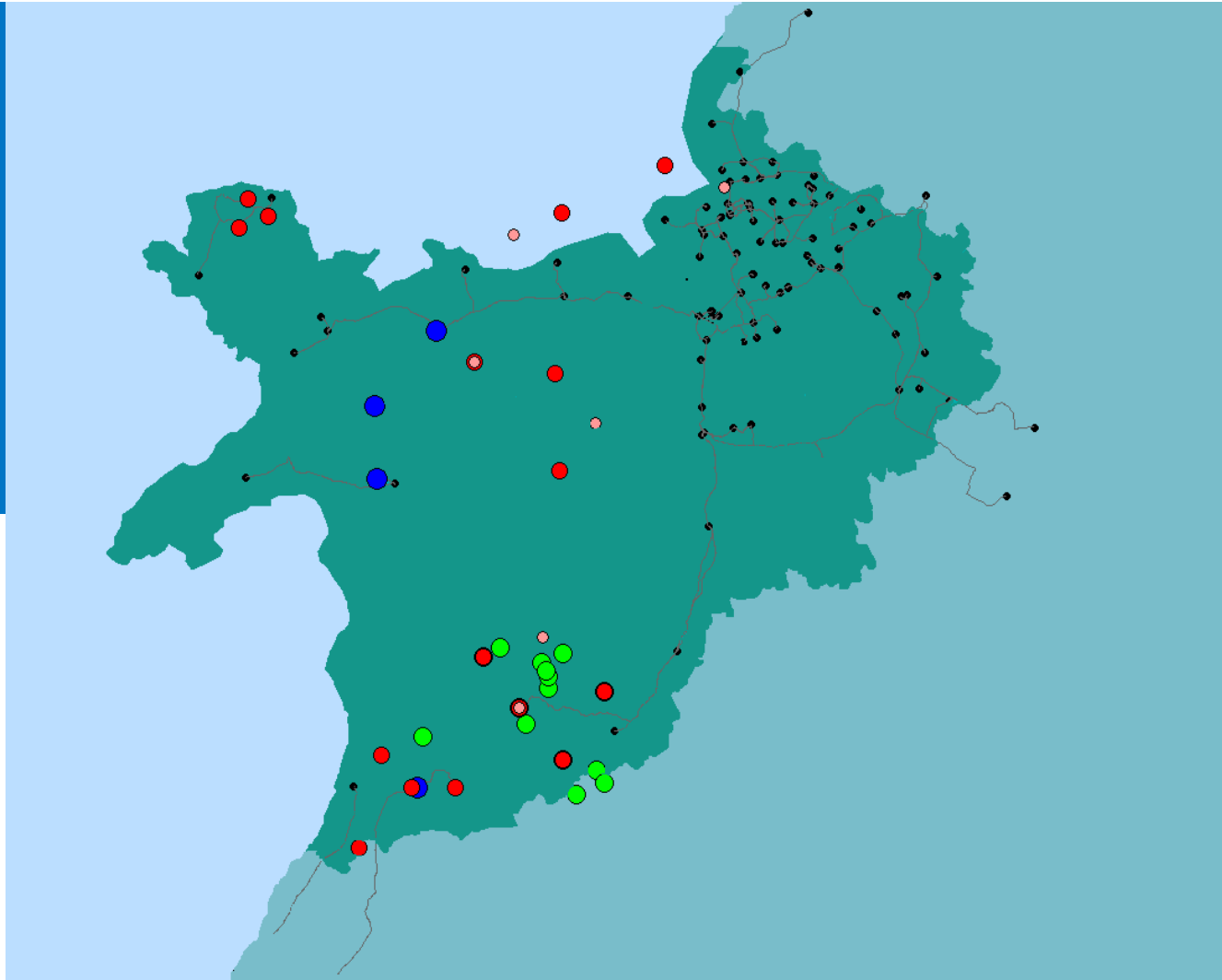
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**Total** 1396MW

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Total Generation Connected  
and Under Construction  
**1574MW**

SPM Maximum Demand  
**3441MW**



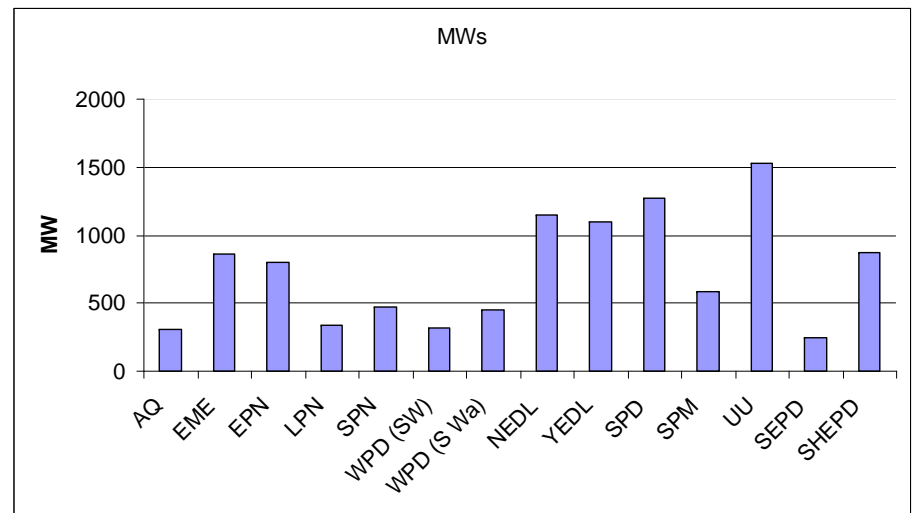
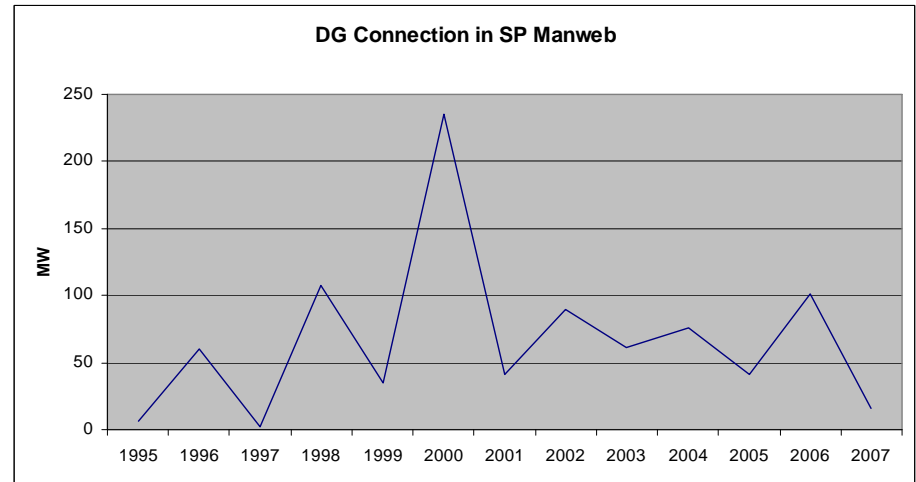
## What changed at the last price control?

- Deep connection charges were revised
- Shallow-ish charges introduced
  - Capital charges cover connection and a proportion of the reinforcement
- DG Incentive mechanism introduced
  - Infrastructure funded by:
    - Proportion in connection charges (shallow-ish)
    - % passed through recovered by ongoing charges
    - Incentive allowance based on average costs of infrastructure
- IFI and RPZ mechanisms introduced
  - to facilitate research and innovation

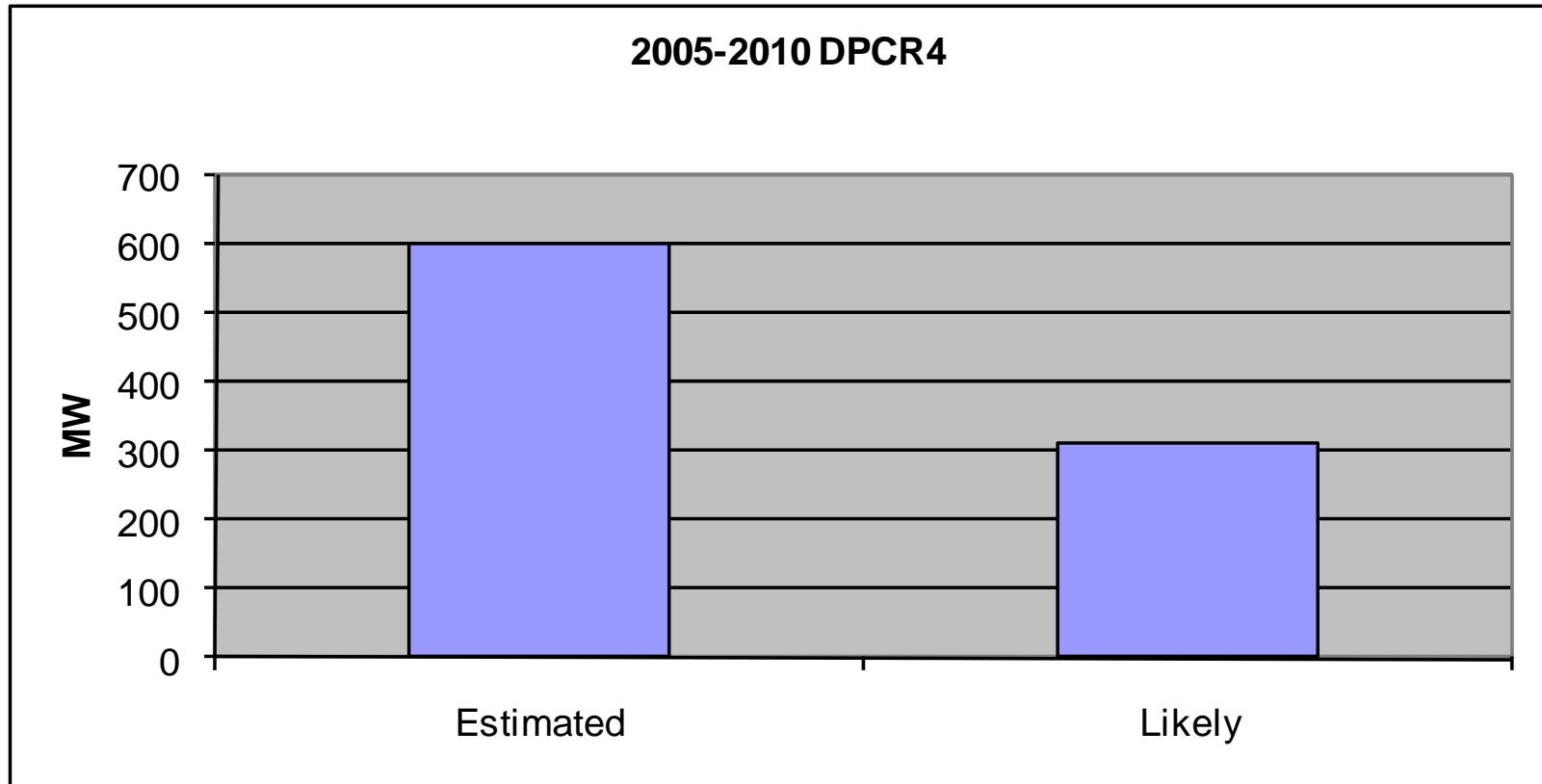
**Have you seen a difference as a result of these changes?**

# What did we estimate would connect?

- Average 50-100MW /year over recent years
- Expected increase 2005-2010 - 600MW
- Connections across DNOs - low in comparison to predictions



# What actually happened?



**Is the likely level of connections a surprise?**

## What are the issues?

- The Ofgem consultation raised a number of issues including:
  - Lack of locational UOS tariffs
  - Effectiveness of CinC
  - Lack of standard agreements
  - Technical requirements at the boundary
- Other issues may include:
  - Planning consent – development and infrastructure
  - Sparse network in remote rural areas
  - National Grid barriers
  - Cost of connection

**Do you agree with these?**

**Are we missing anything?**

# Overcoming the Technological Barriers

- DG connections facilitated by:
  - Constraint management schemes
    - Facilitating connecting to weak networks
  - High capacity overhead lines
    - Reducing visual impact of towers where possible
- Future solutions (in development through IFI)
  - Coordinated constraint management (AuRA-NMS)
  - Dynamic circuit ratings
  - Energy storage technologies
  - Fault current limiting technologies
  - Intelligent voltage control
  - LV microgrids (e.g. Ashton Hayes)

**Do you believe that we are focussing on the right areas?**

# Registered Power Zone Mechanism



- Support and encourage innovation
- We have a history of innovating in connection of generation
- Generation constraining schemes
- Current two proposed RPZ schemes
- Seek to extend the RPZ regime
  - Make more effective for smaller generators

**We think the RPZ scheme is worth keeping – do you?**

# Developer Interaction

- We're happy to meet with developers on an informal basis to provide initial view
- Option of feasibility studies
- Long Term Development Statement
  - Provides high level information
  - What changes would you like to see?

**Is this an effective approach?**

**Are we missing something?**

# Our Thoughts - DG mechanism and next price control



- Current charging arrangements broadly work
- Connection charges reflect connection cost and proportion of infrastructure
- Some change required to deal with situations where infrastructure is disproportionate to generator capacity
- Expansion of the RPZ schemes

**Would you support this?**

**Are there other changes we should explore?**

# Looking for your views

## Questions for discussion

Have you seen difference resulting from changes from DPCR4?

Is the likely level of connections a surprise?

Issues - do you agree with these?

Are we missing anything?

Technological barriers - are we focussing on the right areas?

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Developer interaction - Is this an effective approach?  
Are we missing something?

Our thoughts - would you support this?

Are there other changes we should explore?

# What is your view?

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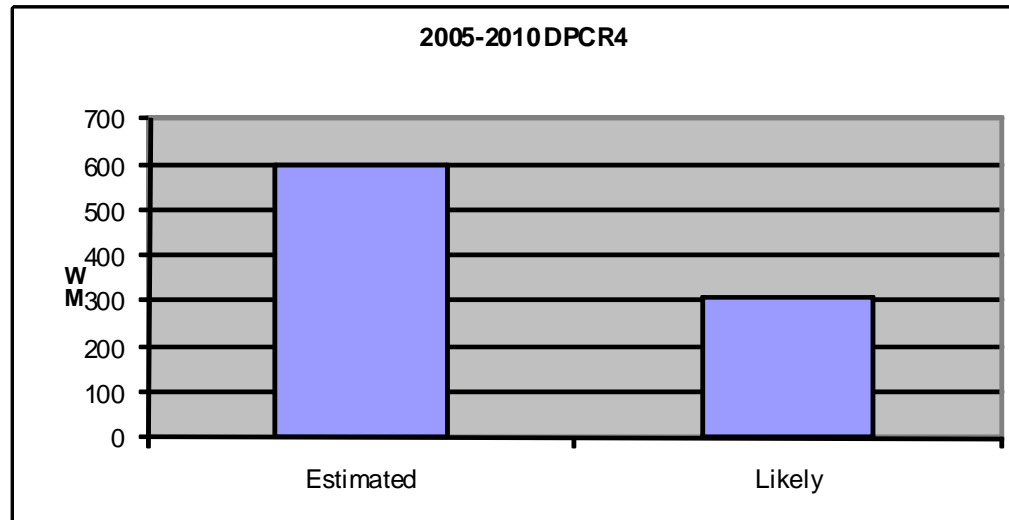
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Delivering efficient investment

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# What is your view?

What actually happened?



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