

**London Electricity High-level Working Group
28 March 2013
Draft Action Notes**

Estimating costs of investments required and considering models for how they could be met/shared

At the meeting UKPN gave the separately attached presentation. Slides 8 summarises the then emerging revised proposal for investment in new substations. Their revised draft Business Plan (see page 43 in relation to slide 8) is now available for consultation until the end of May. Please see the separately attached e-mail, which includes a link to the consultation document. UKPN will submit the final version of its Business Plan to Ofgem in early July 2013.

The Chair reiterated the importance of electricity capacity not being a constraint to development in London.

Ofgem reiterated that their cost-benefit analysis has not provided any case for the need to change legislation to allow strategic investment.

London First suggested that the GLA should consider forward funding substation infrastructure as client on behalf of a consortium of connection customers, trigger the infrastructure development through a connection application and then recover the investment costs from the connection customers / developers. However, in the light of the potential legal and financial risks that need to be explored, this is certainly not considered as a short-term solution.

UKPN are clarifying whether the '5 year rule' (investment recovery period) could be extended within a commercial Section 22 agreement with a consortium/lead developer, as development areas tend to take longer to build out.

For several identified substations further work is required to secure a feasible funding solution. Consideration of longer term options for improving circumstances and the regulatory framework for strategic investment will also be re-visited at the next meeting.

Identifying growth hotspots and areas of existing network stress that require strategic infrastructure investment

UKPN has provided the separately attached 'heat maps' about network stress. The first two maps show the current demand density across London and (for comparison) the Cambridge area. The average demand density in London is 12 MW/km², across the UK it is 0.6 MW/km². On the other four maps – at various scales – the red dots indicate where the maximum demand (MD) – assumed as peak load recorded during the previous year – is greater than the available firm capacity – the capacity after the loss of the largest capacity item supplying that substation. It should be noted that the maps do not reflect any potential load transfer onto adjacent substations. The size of that transfer capacity will depend on available interconnections.

Relevant GLA and UKPN experts meet on 8 May to discuss UKPN's demand modelling and the potential added value and scope of a GLA data offer (largely data from the London Development Database) to inform over time the underlying growth assumptions. The discussions will also include the reflection of growth related data emerging from the Census.

Potential of Decentralised Energy systems, district heating and demand side response measures to reduce electricity distribution infrastructure costs

UKPN's revised draft Business Plan will show an estimate of significant cost savings due to demand side response measures.

The boroughs may explore requiring demand side response measures in their planning policies. The GLA will consider including (electricity related) infrastructure policy as part of the Further Alterations of the London Plan.

The GLA and UKPN are establishing a sub- group with respective experts to discuss identified Decentralised Energy and demand side response issue identified at the January meeting. It meets for the first time on 3 May. As and when appropriate, the sub-group will report back to the High-level Working Group.

Date of next meeting fixed for 18 June 2013 – 14:00 – at City Hall, Committee Room 1

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