

ELECTRICITY INFRASTRUCTURE TECHNICAL WORKING GROUP – 6 June 2014

LONDON ELECTRICITY DISTRIBUTION INFRASTRUCTURE

Meeting at 10 Downing Street Tuesday 6th May 2014

Note of Meeting Conclusions

Attendees

Tara Singh	No 10 Policy Unit
Sandy Sheard	DECC
Rob Kinnaird	DECC
Paul Hawker	DECC
James Veaney	Ofgem
Hannah Nixon	Ofgem
Christine Darbyshire	Core Cities
Basil Scarcella	UKPN
Ben Wilson	UKPN
Mark Adolphus	UKPN
Matthew Pencharz	GLA
Robert Tudway	GLA
Jorn Peters	GLA
Chris Pooley	Ramboll

1. The meeting was called in response to London's concerns regarding the current investment framework for Electricity Distribution Network Operators. The GLA wishes for more anticipatory investment to be sanctioned, a view re-enforced by a report commissioned by the GLA from consultants Ramboll and circulated to the meeting.
2. DECC and Ofgem want to guard against consumers paying for stranded assets and private consumers' bills being loaded with additional cost as a result of such forward investment.
3. The meeting was called to enable the GLA to demonstrate the need for further scope for anticipatory investment and hear the views of Ofgem, DECC, UKPN and the Core Cities on the point. If the meeting is satisfied that the need for more such scope is justified, the

meeting would go on to consider possible remedies and the steps needed to put them in place.

4. UKPN and the Core Cities agreed in principle with the GLA that more scope for investment in re-enforcement works in advance of connection requests being made is justified. Ofgem and DECC were prepared to consider proposals for change from the current arrangements provided the remedies proposed do not disadvantage consumers.
5. The principal issue in constructing an arrangement for allowing more investment in advance of need involves finding a reliable mechanism which permits re-enforcement within the regulated asset base a stage before the point at which there is certainty of increased electricity demand causing the new assets to be used with the required intensity from the outset (the '100% requirement'). The objective would be to establish a means of allowing re-enforcement within the regulated asset base where the certainty of use, although high, is subject to a minority risk of the increased electricity demand not materialising or not materialising on time (the '95% requirement'). Consumers also would need protection from any undue financial effects.
6. It was agreed that in consultation with the Core Cities and developers –
 - a) UKPN and the GLA will produce proposals for –
 - defining the '95% requirement' and what evidence should be needed from local authorities /developers / DNOs to demonstrate that the required low threshold of risk has been met;
 - identifying how private consumers may be protected from the risks associated with the gap between the '95% requirement' and the certainty of the '100% requirement';
 - the other remedies put forward in Ramboll's paper and summarised at the meeting, establishing what merit they have and what recommendation can be made in respect of each;
 - the role of demand side response will be evaluated in the context of these proposals.
 - b) UKPN and the GLA will present a paper to the No 10 Policy Unit a month following from the meeting of 6th May, the paper to be considered at a further meeting thereafter.