

Item 8 – Electricity Infrastructure

Appendix A – Main features of the UKPN Business Plan Update

- UKPN states that it ‘has refined the scope of investment in its London Infrastructure Plan to ensure that the network serving London has capacity and resilience comparable to other world cities’. However, the investment in major substations has been reduced from £170 million to £100 million compared to the original draft. UKPN now includes only four of the planned six (plus Earls Court¹) major substations for central London on a funded basis (see Table 1 below for details). The origin of the change is principally Ofgem’s unwillingness to accept the remaining three substations as part of UKPN’s regulated asset base, since they would amount to investment by UKPN in advance of an actual connection being requested. There are also legal issues Ofgem can point to.
- The Updated Business Plan offers up front price cuts in 2015 amounting to 8 per cent across UKPN’s networks, maintaining prices significantly below the national average. An issue is whether these price cuts are justified in London, rather than the cost of them being invested in London’s future electricity distribution requirements from which all Londoners, its businesses, commuter and visitors benefit, directly or indirectly.
- UKPN has conducted a ‘willingness to pay’ survey, including the value placed by consumers on work to facilitate high voltage new connections. The level of willingness to pay identified by the survey is lower than would have been expected from promoters of high value developments and businesses in London and one may ask if developers and businesses in central London were under-represented in the survey. This affects the available evidence to demonstrate that substantial electricity infrastructure investment is needed in advance of need.
- Some changes have been made to UKPN’s forecasts of sustainable energy investment in response to comments to the original consultation. These include changes to the assumptions regarding the uptake of electric vehicles and to the infrastructure investment for Feed-in-Tariff eligible generation. However, all of these are comparatively small in scale.

¹ Proposed by UKPN after the publication of the original consultation draft

Table 1

Project name	Initial firm capacity to be installed (n-1)	Latest status in UKPN business plan	Costs to DUoS customers (£ million)	Cost to connection customer(s) (£ million)
Calshot Street	66 MVA	Included in DPCR-5/ RIIO-ED1 Business Plan	8.0	0
Vauxhall Nine Elms	66 MVA	Included in RIIO-ED1	33.0	TBC
West End	60 MVA	Included in RIIO-ED1	32.0	0
White City	66 MVA	Included in RIIO-ED1	27.5	2.5
City of London	33 MVA	Waiting for initial customer enquiry before agreeing funding allocation	Not applicable	Not applicable
Earls Court	66 MVA	Waiting for initial customer enquiry before agreeing funding allocation	Not applicable	Not applicable
West Ferry Road	66 MVA	Waiting for initial customer enquiry before agreeing funding allocation	Not applicable	Not applicable
Total	423 MVA		100.5	TBC

Source: UKPN presentation to City of London Stakeholder Consultation Event (15 May 2013)

NB: DUoS customers is the technical term for existing customers
RIIO-ED1 is the technical term for the next Business Plan (covering the period 2015 – 2023)
DPCR-5 is the term for the current Business Plan (covering the period 2010 – 2015)