

Review of Embedded Benefit

TCMF

14 August 2007

nationalgrid

Transmission Access for Distributed Generation

Working Group Report

- ◆ Issues with existing arrangements?
 - ◆ Operation and planning
 - ◆ Access and charging
- ◆ Agency options for change
 - ◆ “Thin DNO agency model” (SP T&D)
 - ◆ “Thin DNO agent strawman” (Airtricity)
 - ◆ “Very thin supplier net model” (CE Electric UK)
 - ◆ “Gross nodal supplier agency model” (NGET)
- ◆ Interactions
- ◆ Way Forward

Transmission Access for Distributed Generation

Ofgem's provisional views

- ◆ Ofgem think there is a case for change
 - ◆ Cost-reflectivity
 - ◆ Allocation of transmission access
 - ◆ Commercial proportionality
- ◆ Cost-reflectivity
 - ◆ NGET should review drivers of costs associated with residual TNUoS charge, taking into account the impact of DG on such costs
 - ◆ DG should pay less (avoids some network costs) but value requires review
 - ◆ Review should address treatment of generation under 100MW connected at 132kV across GB

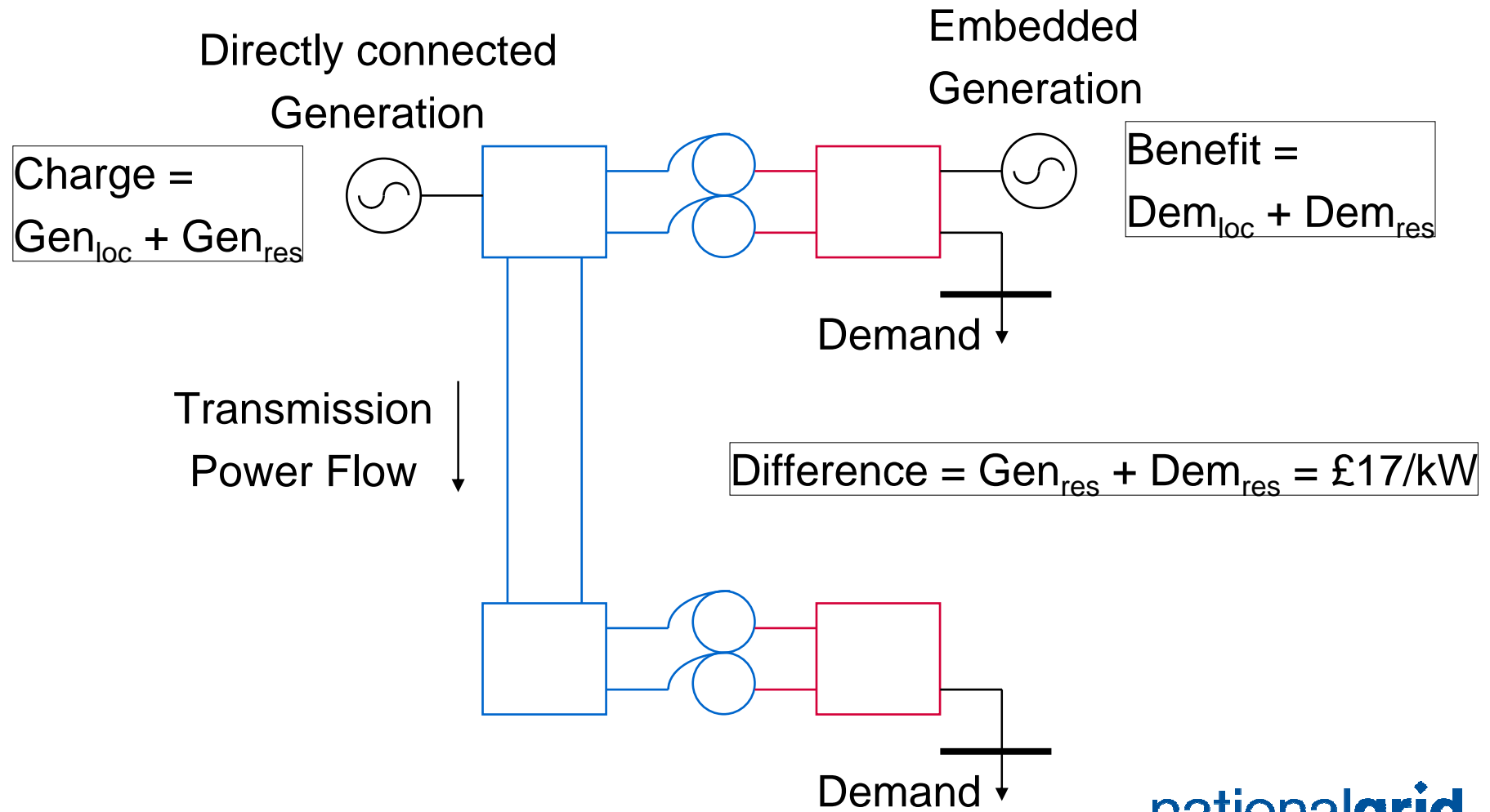
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Ofgem's provisional views

- ◆ Gross vs net
 - ◆ Cost-reflective charging can be applied through variants of gross or net
 - ◆ Solution based on net export alone not appropriate
 - ◆ Impact of DG not limited only to where there is net export
 - ◆ Changes to the exit arrangements would be required
- ◆ Role of Agent
 - ◆ Agency models may provide appropriate means for smaller DG to deal with transmission issues
 - ◆ Help reduce burden
 - ◆ Take into account diversity of generation
 - ◆ Merit in making use of existing interfaces and aligning with current placement of responsibilities
 - ◆ Some aspects falling to DNO and others to Suppliers?

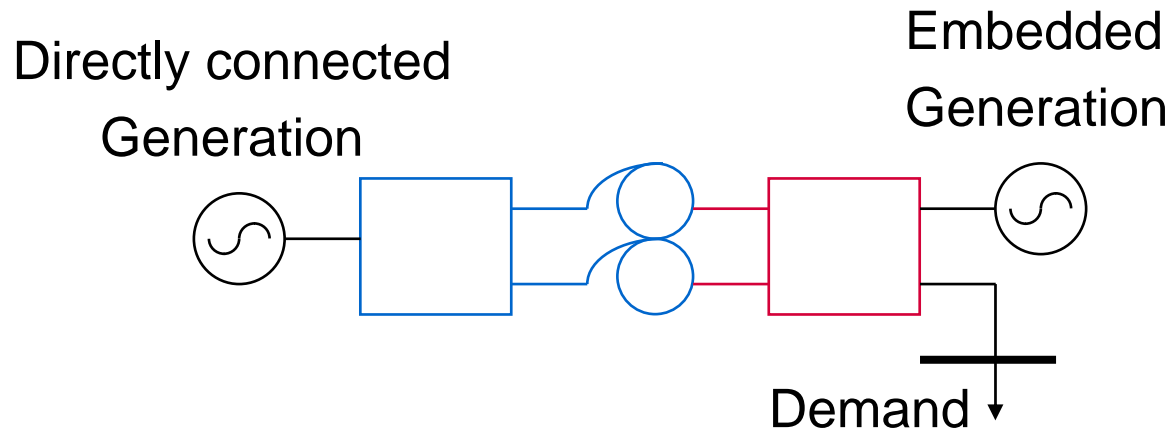
Embedded Benefit

What is it?



Embedded Benefit

What is the impact of DG?



- ◆ Investment savings
 - ◆ Entry substation assets
 - ◆ Exit substation (infrastructure) assets
- ◆ Other savings?

Embedded Benefit

Next steps

- ◆ Further analysis of the impact of DG on TNUoS residual
- ◆ Further industry discussion at CISG/TCMF
- ◆ Consideration of the appropriate framework