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Bringing energy to your door



Spotlight on regulation and local supply

1st February 2019

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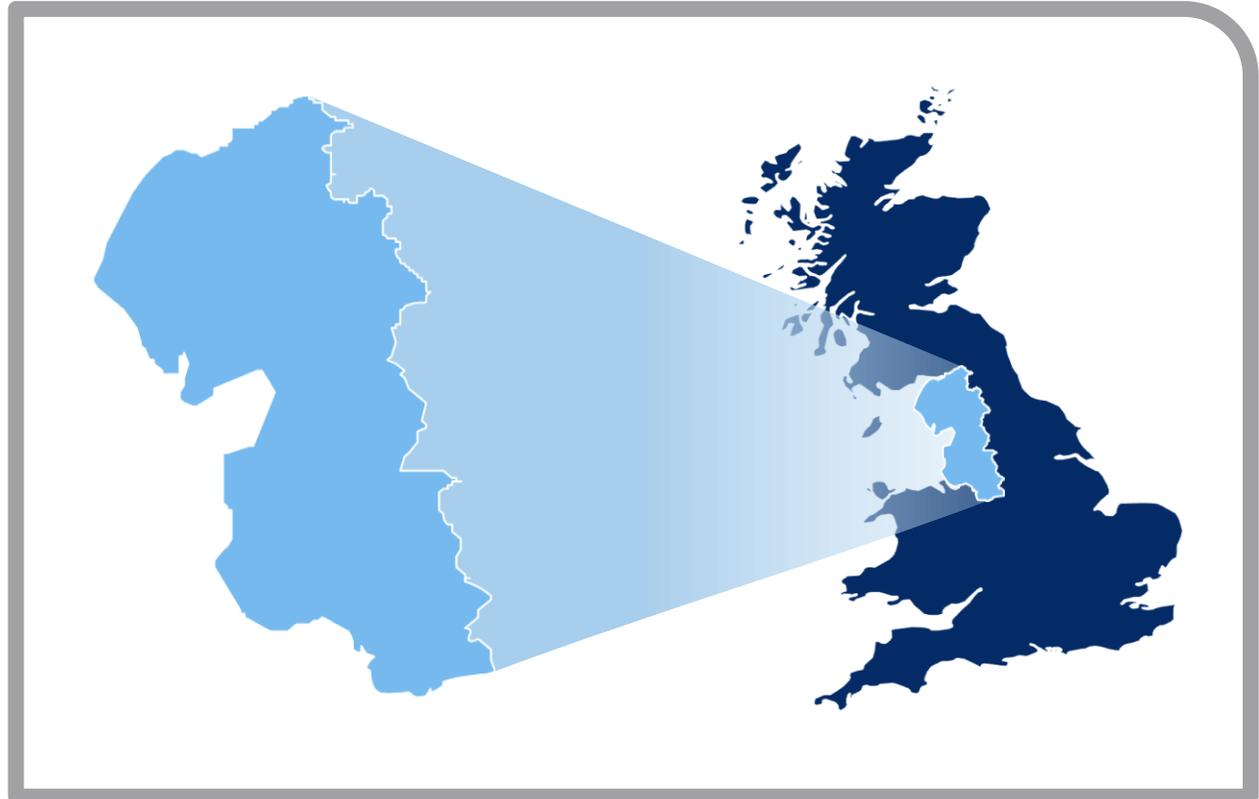
4.9 million



2.4 million



25 TWh



56 000 km of network ● £12.3 billion assets

19 grid supply points ● 66 bulk supply substations
363 primary substations ● 33 000 transformers

Our Community and Local Energy Strategy



Forging links with community and local energy organisations

We will be responsive to customers' needs and deliver a stakeholder engagement plan that enables us to develop those relationships

We will create new mechanisms for community and local energy groups to engage with us

We will search for locations on our network where community and local energy can be deployed for the benefit of the network

Where should we take action?



Access to ENWL

Early engagement
More face-to-face time; Dedicated point of contact
Collaboration
Help with understanding where connections could be easier

Finance

Financial support
Help to develop viable business models

Regulation

Regulatory regime doesn't suit community and local energy
Current solutions such as virtual private wires are a "work around" and not a long-term solution

91% of responses agreed or strongly agreed we have understood the main challenges faced by community and local energy groups



- Respond to stakeholder's request to engage on this issue and improve our understanding
- Provide an opportunity to meet with DNO regulation experts
- Provide a forum for honest and open discussion of the issues with a view to improving our collective understanding
- If possible identifying actions that could be undertaken to help address some of the issues.





10.00 Welcome and introductions

Helen Seagrave, Community Energy Manager, Electricity North West

10.15 Community and local energy point of view – why local supply is important to the community energy sector

Emma Bridge, Chief Executive, Community Energy England

10.30 Local supply – example of an existing approach from Repowering London

Felix Wight, Director, Repowering London

10.45 Local supply – example of assessing options from Burneside Community Energy

Gill Fenna, Director, Burneside Community Energy

11.00 Break

11.30 Industry point of view – what regulation is for and how it impacts local supply

Tony McEntee, Electricity North West

11.50 Round table discussion

12.45 Summary and next steps

1.00 Lunch and networking

Community and local energy point of view

Emma Bridge, Community Energy England



Felix Wight, Repowering London



Gill Fenna, Burneside Community Energy



Industry point of view – what regulation is for and how it impacts local supply. Charging reforms

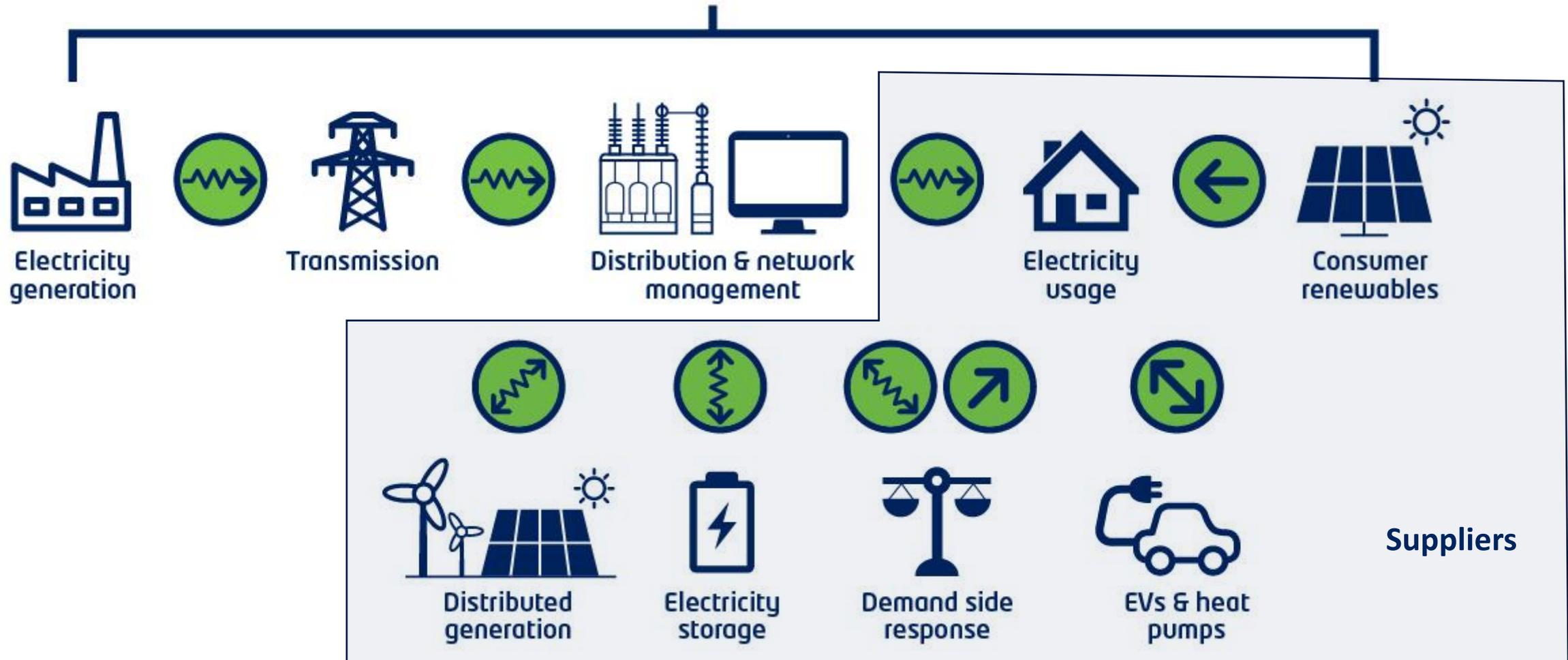
Tony McEntee, Head of Commercial Innovation



But now things are getting a bit more complicated...



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ENWL

Distribution £85M
Transmission £175M

ENWL

DUoS £310M
Connection £45M

Targeted Charging Review

- ✓ Significant Code Review in progress looking at Residual Charges/ scaling
- ✓ Residual charges top-up forward-looking charges to recover the Allowed Revenue.
- ✓ In Transmission, recover £2,100M or 80% of TNUoS. Recovered through Triad charges. Approx £175M in ENWL area
- ✓ In Distribution, ENWL recover £85M or ~20% of Allowed Revenue. Recovered through unit charges.

Access & Forward-Looking Charging Review

- ✓ Significant Code Review will be launched in New Year plus potential for Industry change process
- ✓ Forward-looking charges in DUoS £310M pa
- ✓ Connection Charges ~£45M pa, ~£5M pa reinforcement element
- ✓ Access Review looking at defining rights for all users, plus allocation and reallocation of access rights

Targeted Charging Review



Ofgem reduced the TCR Options to two:

1. **A Fixed Charge** by customer segments.

Preferred option

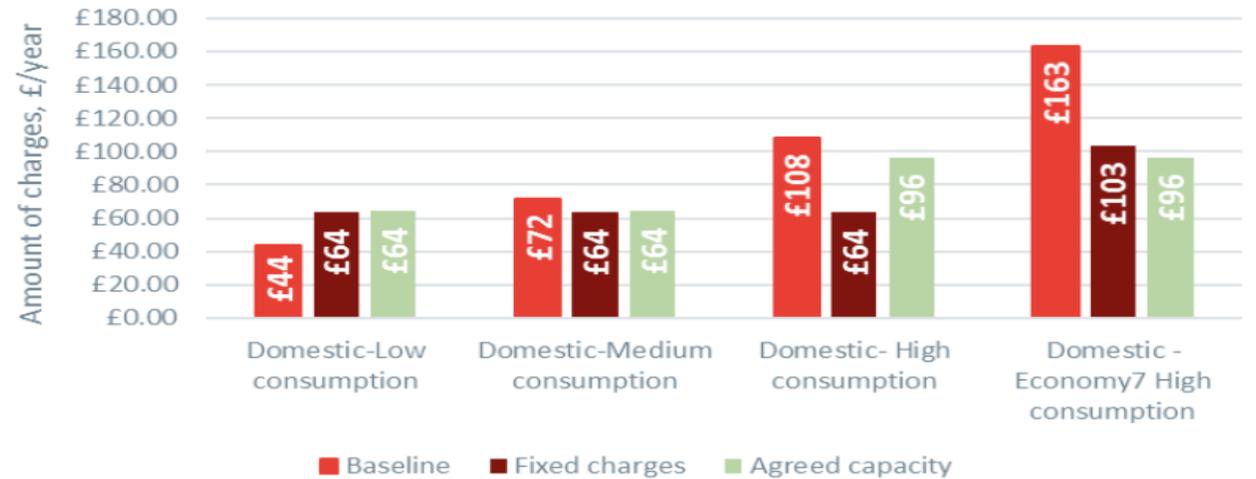
2. **An Agreed Capacity Charge**. Based on MIC or assumed levels

Our perspective: helpful, reduces volatility.

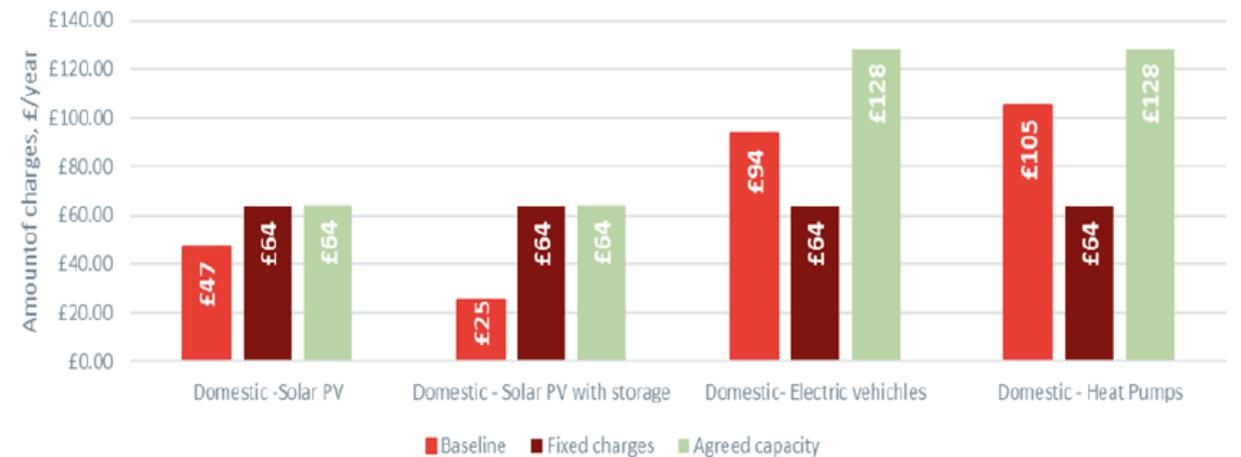
Customer impacts

- ✓ increases for sites with embedded generation
- ✓ Med to High domestic pay less, except for EVs and heat pumps under capacity option.
- ✓ Low users could pay £20 per annum more
- ✓ Vulnerable customers are spread so winners and losers.
- ✓ Most Fuel Poor are med. so likely to benefit.

Transmission & distribution charges for domestic users



Transmission & distribution charges for other domestic users



Final Scope Access and Forward-Looking Charges SCR



Policy area in the SCR and codes affected	Details of what we will be considering
<p>Policy area: Review of the definition and choice of transmission and distribution access rights</p> <p>Codes likely affected: DCUSA CUSC</p>	<p>Priority areas:</p> <ul style="list-style-type: none">•Increased clarity and choice of firmness levels•Increased choice around time-profiled access•Better defined access rights and greater choice for small users, and potential protections to mitigate the potential adverse impacts of the reforms•Clarifying the access rights of distribution-connected users to the transmission network•We will additionally explore the feasibility and value of shared access rights across different sites and/or between different users – this may become a priority area <p>Other areas:</p> <ul style="list-style-type: none">•Short-term duration access (eg around a year)•New conditions of access, such as ‘use-it-or-lose-it’ or ‘use-it-or-sell-it’
<p>Policy area: Wide-ranging review of Distribution Use of System (DUoS) network charges</p> <p>Codes likely affected: DCUSA</p>	<p>A wide-ranging review of the distribution charging methodology, including the following issues:</p> <ul style="list-style-type: none">•Charging design of distribution charges, including the balance between usage-based and capacity-based charges, including time-of-use based variants of both options, and considering the treatment of different types of users, to send better signals about costs and benefits for network•Improvements to signals about how network costs and benefits vary by location•Options to mitigate the potential adverse impacts of the reforms for small users, including considering a basic charging tier.



Policy area in the SCR and codes affected	Details of what we will be considering
<p>Policy area: Review of distribution connection charging boundary</p> <p>Codes likely affected: DCUSA Each licensee’s own Connection Charging Methodology</p>	<ul style="list-style-type: none"> •If better locational signals can be sent through DUoS charges, whether there is a case for moving to a more ‘shallow’ distribution connection charging boundary¹² •Whether there is a need for user commitments¹³ under a shallow connection boundary
<p>Policy area: Focused review of Transmission Network Use of System (TNUoS) charges</p> <p>Codes likely affected: DCUSA CUSC</p>	<p>A focussed review of transmission network charges.</p> <p><i>Priority areas:</i> The charging design for:</p> <ul style="list-style-type: none"> •Distributed generation (DG) •Demand users (including those engaged in DSR) <p><i>Other areas</i> The “reference node” used in the model that derives the locational charges for different users and areas The SCR is not reviewing other elements of the transmission network charging methodology.</p>

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Sign up for our newsletter and view previous editions on our website.

Visit the community and local energy section of our website.

www.enwl.co.uk/communityandlocalenergy

Get in touch

If you have any comments on this strategy or how we should develop our actions please get in touch.

If you are developing a community or local energy project please get in touch to discuss your plans.

Contact details

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