

*LCN Fund Full Submission*  
**Supplementary Answer Form**

Tick if this answer is Confidential:

Tick if this answer has been provided verbally:

Project code:	NPGT202/1	Question Number	NPG012
Question date	04/09/2012	Answer date	07/09/2012
Submission section question relates to	Section 7		
Topic	Regulatory Issues		
Question	<p>You state that you may seek derogation from Engineering Recommendation P2/6 in the event that you can use a flexibility resource as an alternative to planned network reinforcement. Please outline the likelihood of you requesting such a derogation, the likely details of the request and how you would manage the risk of such a derogation not being granted.</p>		
Notes on question			
Answer	<p>We plan to operate the network within Engineering Recommendation (ER) P2/6 during the project.</p> <p>However, we may identify an opportunity to make use of a flexibility resource as an alternative to planned reinforcement. In this case a derogation from ER P2/6 would be required. Using flexibility resources as an alternative to planned reinforcement would create savings, and therefore reduce the overall costs of the project.</p> <p>The probability of identifying such an opportunity and requiring a derogation is considered quite low.</p> <p>If we do identify an opportunity, we would require a derogation from P2/6 to defer network reinforcement and instead put flexibility products from customers in place to protect the network in the event of a network fault (the management of flexibility resources provided by customers connected to the distribution network is not a recognised technique under ER P2/6, hence the requirement for a derogation).</p> <p>The implementation of this would be very geographically specific and Northern Powergrid's operational readiness procedures would need to significantly enhanced compared to what is proposed for the trials (e.g.</p>		

	<p>control room operational procedures).</p> <p>There are no risks to the overall project outputs or costs (as set out in the full submission document) associated with the derogation not being granted. In our full submission document, we have assumed that we will not identify an opportunity to use flexibility to defer reinforcement.</p> <p>However, if we do identify such an opportunity and we are not granted a derogation, an opportunity to reduce the costs of the GBFM project and to further drive the concept of DSR into Northern Powergrid's business would be missed.</p>
Attachments	
Verbal Clarifications  (Consultants )	