

LCN Fund Full Submission
Supplementary Answer Form

Tick if this answer is Confidential:

Tick if this answer has been provided verbally:

Project code:	Smarter Network Storage	Question Number	UKPN015
Question date	4 September 2012	Answer date	7 September 2012
Submission section question relates to	Section 7		
Topic	Regulatory Issues		
Question	<p>You state that you do not expect that you will require derogation from Engineering Recommendation P2/6, but will liaise with Ofgem should this change. 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>Whilst there is no doubt that storage contributes to network security, unlike distributed generation, it is not currently recognised by the Security of Supply Engineering Recommendation P2/6 (ER P2/6). In order to permit the use of storage to meet these guidelines in the future it will be necessary to revise ER P2/6.</p> <p>The primary site that has been chosen for this project at Leighton Buzzard is one that is gradually reaching its capacity limit and one where, without an alternative solution, will shortly require conventional reinforcement. This project would install storage only a few winters ahead of need, which on the typical capital programme and network planning timescale has required real commitment to the storage solution from internal stakeholders.</p> <p>Our current projections however do not foresee this site falling below the current ER P2/6 requirements for the duration of the project.</p> <p>It should be noted that the first steps to a review of ER2/6 have already been taken and it is anticipated that by the start of ED1, ERP2/7 (and the associated Engineering Technical Report (ETR)) will be in place and include options for using DSR and storage to provide network security support.</p> <p>We are therefore confident that the SNS solution would be ER P2/7 compliant by the start of ED1 and in advance of the additional secure</p>		

	<p>capacity is required at Leighton Buzzard.</p> <p>Therefore as currently anticipated and planned we do not foresee a need for derogation from ER P2/6 (or P2/7) during the lifetime of this project. However to manage the risk UK Power Networks will carry out regular more detailed studies of firm capacity alongside our internal process of Substation Load-Related Risk Analysis and developing Planning Load Estimates.</p> <p>Once smart storage flexibility is installed, based on our current view of load growth and our knowledge of likely connections activity in the area, our early view is that further reinforcement will not be required until the back-end of the RIIO-ED1 period.</p> <p>Should load growth requirements change substantially from currently anticipated, then it is possible that a derogation may be required. UK Power Networks would discuss the potential need for a derogation with Ofgem as soon as possible after we identified the need.</p> <p>ERP2/6 already permits a departure from the standards laid down in Table 1 of ER P2/6 if there good economic reasons and therefore, if necessary, we would undertake from first principles an economic and technical evaluation of the risk to security of relying on the storage device (vis-a-vis alternative mitigation measures - including any feasible temporary measures in addition to conventional reinforcement) to support of our derogation request.</p> <p>We are confident that these studies would demonstrate that the storage device would be at least as secure as alternative conventional measures in providing the required secure capacity.</p> <p>Should such a request not be granted, then conventional reinforcement plans would need to be commenced.</p> <p>There is similarly the possibility that demand falls (smart metering may initially have the effect of reducing demand and arresting load growth) which could otherwise lead to stranded conventional assets. In this instance, the application of the storage would likely serve to defer conventional reinforcement further beyond ED1 and allow customers to benefit from the removal of the cost of conventional reinforcement in full.</p>
Attachments	
Verbal Clarifications (Consultants)	