Modification proposal:	Distribution Code: DCRP/MP/19/02 - Revision of Engineering Report (EREP) 130 - Guidance on the application of P2, Security of Supply		
Decision:	The Authority[1] has decided to approve[2] this modification		
Target audience:	Distribution licensees, Distribution Code Review Panel, distribution network users and other interested parties		
Date of publication:	14th June 2019	Implementation date:	10th August 2019

Background

In 2014, the Distribution Code Review Panel (DCRP) established a working group to review Energy Networks Association (ENA) Engineering Recommendation (EREC) P2 in light of evolving Distributed Energy Recourses (DER) capabilities and operational activities. We have recently approved a proposal to modify EREC P2 as detailed in DCRP/18/03 – Revision of Engineering Recommendation (EREC) P2 – Security of Supply[3]. This has resulted in a new version of EREC P2, EREC P2/7, which has been incorporated in the Distribution Code.

ENA Engineering Report (EREP) 130 (EREP 130) is a guidance document which details how the requirements of EREC P2 planning standard shall be met. As a result of the change to EREC P2, EREP 130 has been rewritten to recognise changes in resources connected to distribution networks and align with EREC P2/7. This new revision is EREP 130 Issue 3.

EREP 130 is an Annex 2 document to the Distribution Code. We do not approve modifications to Annex 2 documents, however, we are required to approve the consequential changes to the Distribution Code.

The modification proposal

This modification proposes to change the Distribution Code to refer to Engineering Report (EREP) 130 Issue 3 - Guidance on the application of Engineering Recommendation P2, Security of Supply.

The required change is as follows:

- The Distribution Code version 37 refers to Engineering Technical Report 130-1 in one instance, on page 171, Qualifying Standards Annex 2, item 3. This needs to refer to EREP 130 rather than EREP 130-1.

A public consultation on the proposed change opened on 8th February 2019. Four responses were received, all of which were supportive of the proposed changes to EREP 130 and the Distribution Code.

[1] References to the "Authority", "Ofgem", "we" and "our" are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day to day work. This decision is made by or on behalf of GEMA.
[2] This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.
[3] DCRP/18/03 – Final Modification Report, ENA: http://www.dcode.org.uk/dcode-modifications/2018-modifications/

DCRP[4] comments and licensee recommendation

The draft modification proposal circulated to the DCRP for approval via email on 24th March 2019. At the DCRP meeting of 27th March 2019, the modification proposal was discussed. The DCRP recommended that the modification proposal be submitted to us for approval and that it better facilitates Distribution Code objective (a): to permit the development, maintenance and operation of an efficient, coordinated and economical system for the distribution of electricity. The modification proposal was also recommended for approval by the Distribution network licensees.

Our decision

We have considered the issues raised by the modification proposal and in the Final Modification Report. We have also taken into account the responses to the consultation on the modification proposal which are included in the Final Modification Report.[5] We have concluded that:

- implementation of the modification proposal will better facilitate the achievement of the applicable objective of the Distribution Code;[6] and
- approving the modification proposal is consistent with our principal objective and statutory duties.[7]

Reasons for our decision

We consider this modification proposal will better facilitate Distribution Code objective (a) and has a neutral impact on the other applicable objectives.

(a) permit the development, maintenance, and operation of an efficient, co-ordinated, and economical system for the distribution of electricity

The changes proposed by this modification align the versions of EREP 130 and EREC P2/7 in the Distribution Code. The proposed changes to the Distribution Code reduce uncertainty and ambiguity, clarifying requirements of EREC P2/7 so all stakeholders understand how security of supply should be achieved in an efficient and economic manner via the guidance in EREP 130 Issue 3.

Observations

We consider the security of supply arrangements for demand customers on the distribution network to be of great importance. We welcome the steps taken by distribution licensees to update and modify EREC P2 and EREP 130.

[4] The DCRP is established in accordance with SLC 21 of the Electricity Distribution Licence.
[5] Distribution Code proposals, final reports and representations can be viewed at: http://www.dcode.org.uk/areas-of-work/ and http://www.dcode.org.uk/consultations/
[6] As set out in Standard Condition SLC 21.4 of the Electricity Distribution Licence available at: https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Distribution%20Consolidated%20Standard%20Licence%20Conditions%20-%20Current%20Version.pdf
[7] The Authority's statutory duties are wider than matters which the Panel and licensees must take into consideration and are largely provided for in statute, principally in this case the Electricity Act 1989.

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The changes to EREP 130 seek to:

- Align EREP 130 Issue 3 with EREC P2/7
- Provide new guidance on assessing the contribution to security from, and the latent demand associated with, Distributed Generation (DG), Demand Side Response (DSR) schemes and Energy Storage (ES)
- Update the F-factors[8] for assessing the contribution to security from DG, using recent data from DG, based on work carried out for the ENA by Imperial College London
- Differentiate between the contribution to security from DG, DSR and ES which is contracted with a Distribution Network Operator (DNO) and that which is not
- Restructure the document to improve the flow of the guidance, based on a revised step-by-step flow diagram[9].

These changes aim to allow network planners to flexibly consider the security of supply contribution from network assets and DG, DSR and ES. Secondly, the changes recognise that some customers are modifying their electricity consumption in response to market signals; this means that further consideration has to be given to establishing the true demand on the network.

The F-factors for DG have been subject to a major amendment following analysis by Imperial College London of DG data collated from DNOs. The latest data is representative of output (at the point of connection) from typical DG installations and it has been analysed to derive a mean and standard deviation value for the F-factor. The previous guidance on assessing fortuitous contribution from DG has been updated and clarification is provided that it now applies only to DG that is not contracted with the DNO.

EREP 130 is a guidance document which details how the requirements of EREC P2 planning standard shall be met. We consider that this new revision, EREP 130 Issue 3, is a material change to EREP 130 and will have a significant impact on the overall planning process. We note that proposed changes to the current classification of Annex 1 and Annex 2 Distribution Code documents are expected to go to consultation in quarter 2 of 2019. We understand this consultation will include consulting on whether stakeholders believe it is appropriate for EREP 130 to move from Annex 2 to Annex 1.

Decision notice

In accordance with SLC 21.11 of the Electricity Distribution Licence, the Authority hereby directs that the modification to the Distribution Code set out in the Final Modification Report to the Authority dated 29th March 2019 be made.

Martin Queen
Principal Engineer
Signed on behalf of the Authority and authorised for that purpose

[8] According to Ofgem's "Electricity distribution charging methodologies: DNOs' proposals for the higher voltages," an F-factor is a statistical estimate of the availability of the generation capacity for the time required to repair a network outage.
[9] See Figure 1 EREP 130 Issue 3, Appendix 2

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