

## **Issues for further consideration by 088 Development Workgroup**

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### **Purpose**

This note sets out our thoughts on the issues we believe would be helpful for the 088 Development Workgroup to address. The purpose of addressing these issues is to provide Ofgem with further information to allow us to make an informed decision on the modification proposal.

We note there are a number of outstanding issues in terms of responses to the initial modification consultation and the legal text that the work group has not yet had an opportunity to fully consider. We anticipate that the workgroup will now be able to take the opportunity to review these issues. It may assist the discussion if the chair of the workgroup asked members to provide the information set out below in advance of the meeting.

We have set out below the areas we believe could benefit from further thought and analysis. To assist in developing these points, we note that the workgroup could develop scenarios based on differing levels of take-up of DM(AMR).

### **Intended Effect**

Following the development of the legal text we anticipate that the modification report will be able to clearly set out the intention of the modification in some detail. It would therefore be useful if the modification report included:

- A clear description of the aims of the modification and how these aims will be delivered i.e. the systems and other changes that we be required for delivery.
- To help clarify the answer to question 1, an understanding of why the intent of the modification can not be delivered through existing infrastructure and whether any alternatives have been identified but discarded with the reasons for this view e.g. could the current DM threshold have been lowered? Could the definition of DM equipment appropriately be amended to include high specification AMR equipment (but lower cost than current)
- The views of the group on whether they are content that the legal text is fit for purpose and delivers the aim of the modification proposal.

### **Potential Impacts**

To assist in understanding the potential impact of the modification it would be useful to understand:

- How many sites currently sit within the proposed AM(DMR) band
- How many of these sites, whilst below the DM threshold, already have Daily Read Equipment installed for the purposes of system balancing (and paid for by the GT)

- How many sites have indicated they would be interested in registering as DM(AMR). Of these, how many do not currently have AMR technologies already installed?
- What is range of the potential levels of demand side response that may be achieved?
- What are the other benefits or consequences of the proposed approach?

### **Scenario analysis**

We are aware that some respondents have raised issues about the costs and benefits of the modification and that a thorough system and cost impact assessment has not yet been undertaken or considered by the workgroup. We believe that the modification report would benefit from further analysis of the likely costs, benefits and impacts of the proposal. One way in which this could be done would to provide analysis of different scenarios based on differing take-up of DM(AMR) by customers. The group's view on which view was likely would also be helpful.

### **Costs**

When developing the scenarios it would be useful to include an assessment of:

- The costs on Transporters in terms of:
  - development and capital costs
  - operating costs
- The costs on all Users in terms of
  - administrative, operational and contractual costs
- System Impacts on
  - UK Link System
  - Transporters and Users computer systems
- Likely implications of system changes on:
  - existing NDM processes (e.g. NDM profiling etc)
  - the future of AMR roll-out

### **Way Forward**

We would look to gain a better understanding of the required programme for work and a high level implementation timetable going forward in the instance the proposed modification was to be implemented.