



ENW Customer Engagement (Capacity to Customers)

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Innovatively releasing Capacity to Customers

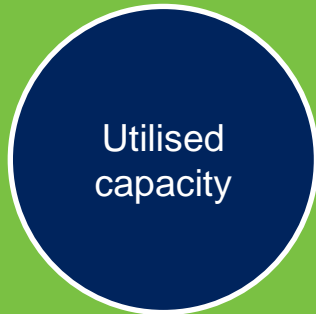


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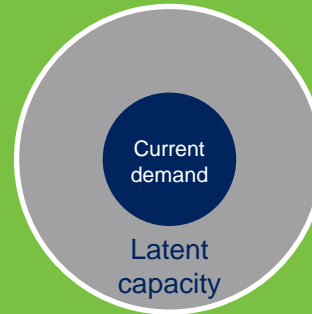


Capacity to customers



- | Combining proven technology & new commercial contracts
- | Allows us to release significant network capacity back to customers
- | Facilitating connection of new demand & generation without reinforcement

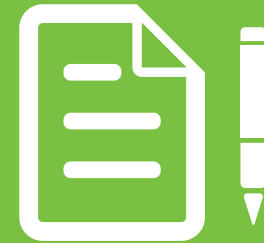
Technical innovation



- | Apply remote control equipment to the HV circuit and close the normal open point
- | Enhance network management software
- | This effectively doubles the available capacity of the circuit negating the need for traditional reinforcement



New commercial contracts



- | To retain customers' security of supply we will utilise innovative demand side response contracts
- | These contracts will allow us to control the consumption of customers on a circuit at the time of fault



Primary Substation

New customers

Reduced charge for connecting to the network

Existing customers

A variable revenue stream dependent upon level of flexibility

For both new and existing customers an opportunity to participate in an innovative trial that will generate learning for the future operation of distribution networks



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Understanding the Customer

Existing Customers

Understanding the customer



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Quantitative

Qualitative

Surveyed 200 customers for an n-1 DSR contract

Small number directly engaged initially via workshops

Understanding the customer



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Uncertainty

regarding disruption
or multiple
disruptions

Appeal

of value added
offerings

Effects

on the
customer's business

Flexible

protected days and
option for protected
circuits

Maximum

outages per annum
and duration to be
defined

Understand

price level

Open & Honest Way

Maximum of 2 Events P.A.





Rekon Report – 25th May 2012

Different views on the value of n-1 DSR

£20k/MVA p.a. mid-point target (availability payment)

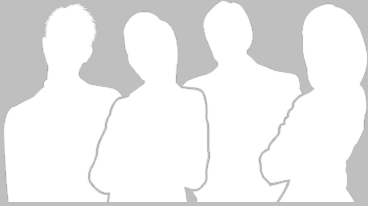
MVA p.a. £10k £15k £20-30k £40k £90k

Commercial contract terms



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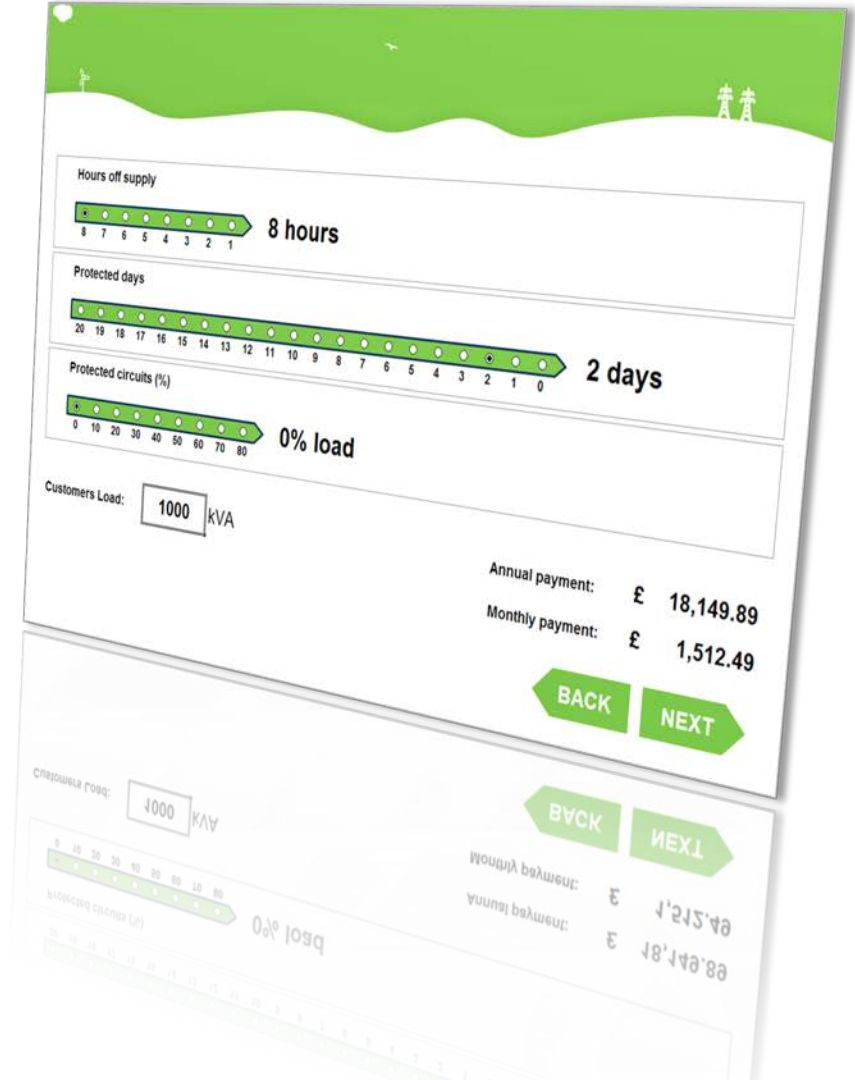
Presentations were crucial to the customer's understanding

Flexible options became less important

Face to face meetings are important



Customer interface developed to allow freedom to choose and explore price / flexibility





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The
W.HOWARD  *Group*
est. 1958

Stuart Murray
Group Company Accountant



Initial
engagement



Response
and initial
barriers to
signing



Reasons for
signing



Further low
carbon
initiative
considerations





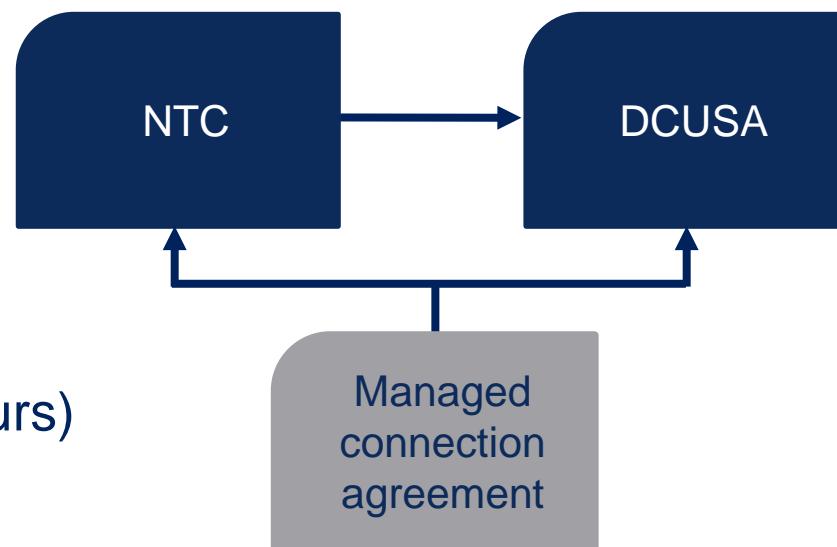
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Contract Development

Existing Customers

Contract template development



Options:

- Outage duration (from 2 – 8 hours)
- Protected days
- Protected load
- Outage times, days and seasons options

Customers requested the contract be as simple as possible

Project deliverable to sign a minimum of 10 'existing customers'



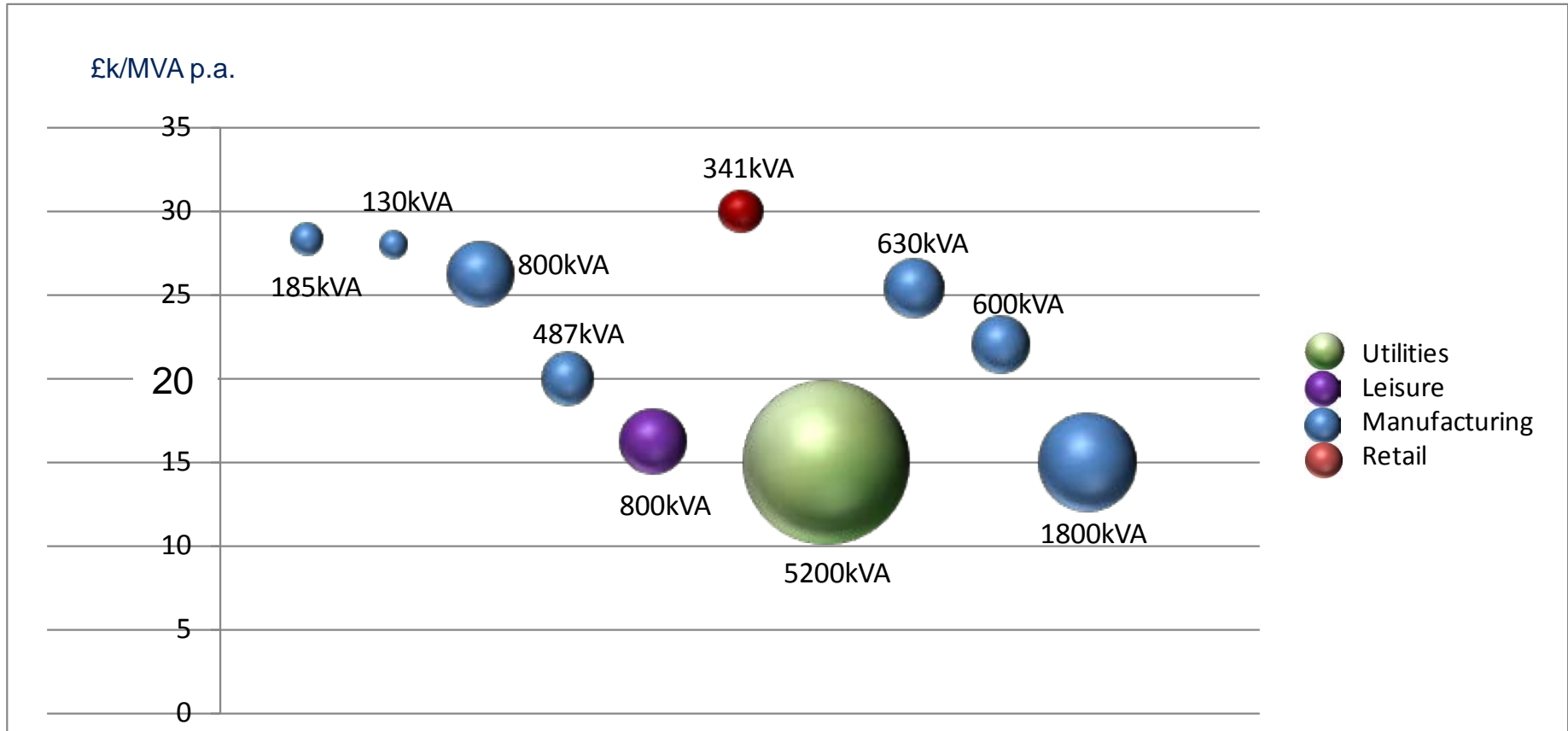
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Progress to Date

Existing Customers

Customer spread-load size v price v sector



10 customers signed up, totalling 11.6MVA at an average price of **£22,570/MVA p.a.** varying different market sectors and size from 130kVA to 5200kVA

DSR observations

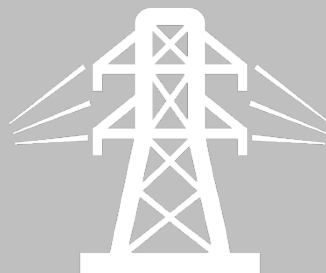


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Larger catchment
area, lower price



High Voltage
feeder balancing
reliant on SMEs
(mainly
manufacturing)



Grid & Primary
balancing –
access larger
strategic partners
and
manufacturers



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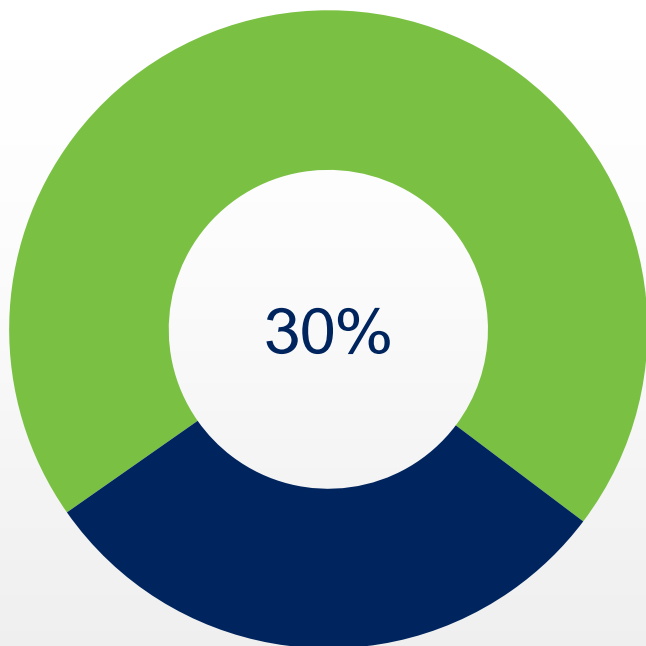
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Routes to Market

Existing Customers

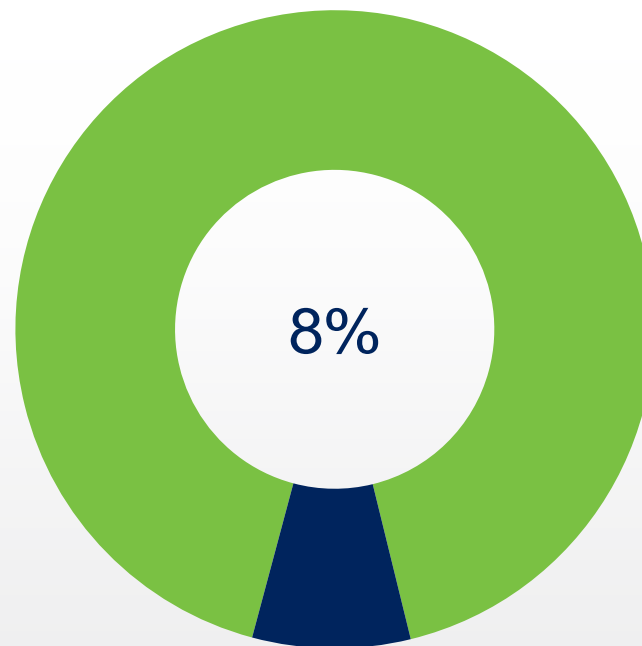


On-cost



Aggregator/Agent

Overhead



DNO Direct



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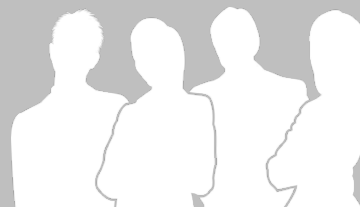
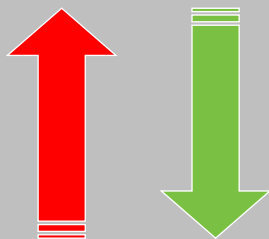
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Conclusion

Existing Customers



n-1 DSR



20%

n-1 DSR is highly viable and competitively priced under this model

Opportunity for Aggregators to reduce their margin or DNOs to increase capability

DNO direct customer engagement is attractive because:

Lower overhead

Ongoing customer relationship management

ENW decision to discount G&P reinforcement in RIIO ED1 by 20% through the use of DSR/M contracts