Call for Evidence

Green Recovery Investment in the electricity network to support the transition to Net Zero

(2021-2023)

1. Introduction

Through the Energy Networks Association, GB Distribution Network Operators (DNOs) are launching a 6 week call for evidence for sites in each distribution network area where there is expected to be significant green activity. This evidence will be used to identify areas for quick deployment of network investment in the next two years. The call for evidence is open to all stakeholders (public and private) and technologies that are ready to be delivered and support the net zero transition.

The UK, Scottish and Welsh Governments have ambitious plans to put the nation and local communities at the forefront of delivering a net zero carbon economy. Delivering net zero will mean substituting many of the fossil fuels we use today for clean renewable energy sources, generated from renewable sources such as wind and solar. We are already seeing the transition from petrol and diesel vehicles to those powered by batteries with electricity coming from the grid. Increasingly we are going to see the use of electrically powered heat pumps as one of the key technologies which can replace traditional fossil fuel heating systems, alongside other potential solutions such as green gas.

The UK, Scottish and Welsh Governments have acknowledged the potential of using the delivery of a net zero carbon economy as a near-term driver of economic growth across regions and local communities, particularly in the post-pandemic world. The recent publication of the UK Government's Energy White Paper¹, 10 point plan² for a green industrial revolution, along with the aims of Project Rapid³, Prosperity for all: a low carbon Wales⁴, Scotland's electricity and gas networks: vision to 2030⁵, Scotland's Climate Change Plan⁶, UK Carbon Budgets⁷ and various changes to Buildings Regulations, demonstrate there is a need for the Government to see quick tangible progress in the roll out of both electric vehicles and the installation of heat pumps in homes to replace current carbon fuelled systems.

¹<u>https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/9438</u> 07/201214_BEIS_EWP_Command_Paper_LR.pdf

² <u>https://www.gov.uk/government/publications/the-ten-point-plan-for-a-green-industrial-revolution</u>

³ <u>https://www.gov.uk/government/publications/government-vision-for-the-rapid-chargepoint-network-in-england/government-vision-for-the-rapid-chargepoint-network-in-england</u>

⁴ <u>https://gov.wales/prosperity-all-low-carbon-wales</u>

⁵ <u>https://www.gov.scot/publications/vision-scotlands-electricity-gas-networks-2030/</u>

⁶ <u>https://www.gov.scot/publications/securing-green-recovery-path-net-zero-update-climate-change-plan-</u> 20182032/

⁷ https://www.theccc.org.uk/publication/sixth-carbon-budget/

A key aspect of achieving Net Zero is through the decarbonisation of Heating and Transport. Whilst DNOs are not directly involved in the up-take of these Low Carbon Technologies (LCTs), adequate network capacity and resilience is essential to the use of all LCTs.

2. Aims of the Call for Evidence (CfE)

At the request of Government and Ofgem, the industry has undertaken an assessment for strategic electricity network investment to support a Green Recovery, particularly to identify locations where a lack of local network capacity is restricting development, including the adoption of Low Carbon Technologies.

The aim of this exercise is to rapidly deliver electricity distribution infrastructure and solutions in places where that will lead to rapid, material development. This Call for Evidence is open to all public and private stakeholders in the relevant DNO region and has been designed to understand and validate the state of readiness of proposals and plans that developers, Local Authorities and other stakeholders are considering around the areas we have identified. This will enable us to create a priority order of network investment (reinforcement) and implement this over the next two to three years. It will also inform longer term network development in RIIO-ED2⁸ and beyond.

Priority is to be given to locations on the basis of likely:

- Utilisation (e.g. how much of the capacity might be used in the near term evidence of user demand or need).
- Deliverability (how quickly infrastructure and solutions could be completed).
- Value for money. This would consider:
 - Firstly, the cost of the particular scheme relative to the prospective utilisation, including the potential capability of the scheme to provide flexibility or other DSO services; and
 - Secondly, any wider benefits the scheme may have (e.g. supporting the delivery of government policy, wider regional investment it may unlock and job creation)

For the avoidance of doubt, this Green Recovery funding will be made available⁹ to distribution networks by Ofgem. Any funding made available will be limited to the cost of the distribution network solutions and not as a contribution towards the cost of the technologies being installed, or the cost of any final service connection required to the local network. The normal competition in connections process will be available to 3rd parties for the final service connection. Please note that this funding is separate to recent Government funding announcements in the 10-point plan, however we do expect that this scheme will be complimentary to and support those Government funding arrangements going forward.

This CfE is being issued on Monday 8th February 2021 and will run for a period of 6 weeks until Friday 19th March 2021 (close of business). During this period, DNOs are holding surgeries and roundtables with stakeholders within their regions to help explain the Green Recovery scheme, explain options to stakeholders and answer your queries relating to the Call for Evidence. In parallel, DNOs are also working closely with LAs to determine where best to focus investment in the context of local energy and transport plans. After a period of review and short-listing by the DNOs, Ofgem and Government, it is envisaged that the final list of sites will be announced in mid-

⁸ <u>https://www.ofgem.gov.uk/publications-and-updates/riio-ed2-sector-specific-methodology-decision</u>

⁹ Funding comes from a combination of existing funding within the RIIO-ED1 period (if it exists) and/or additional allowances to be made available by Ofgem, who will review all proposals alongside networks

May 2021, with work commencing thereafter. An indicative timeline can be seen in the table below.

Date	Key Activity
08/02	Launch of CfE
08/02 - 19/03	Response period, including stakeholder engagement
22/03 – Early-May	DNO/Ofgem/Government review
Mid-May	Final short listing of sites announced, and work commences within DNOs
	commences within DNUs

Table 1: Call for Evidence Indicative Timeline

Should you want to submit evidence of a project(s) you are intending to connect to the network and which will be ready to go in the next couple of years, please either visit our website to submit your evidence online: <u>www.westernpower.co.uk/green-recovery</u> or complete the questionnaire in Section 5 and return to <u>wpdgreenrecovery@westernpower.co.uk</u>. This evidence will then be considered in our shortlisting process.

3. Selecting Specific Green Recovery Network Areas and Projects

DNOs have identified areas of network for potential investment under this scheme, and this is further described in Section 4 below. Selection of these areas has been based on our best knowledge of existing local plans, connection applications, our Long Term Development Statements (LTDS) and forecasts (DFES) – see Table 2 below for more detail of the types of key factors DNOs will be considering.

The purpose of this call for evidence is twofold:

- (1) To gather evidence from stakeholders to support / validate the case for Green Recovery investments in these specific areas.
- (2) To gather evidence for any sites not in these areas which might also meet the objectives of this scheme.

Whilst the strategic investment areas detailed above can potentially cover all geographic areas of a DNO, prioritising the areas that are least regrets, deliverable by DNOs within RIIO-ED1, as well as supporting projects that are quickly deliverable is essential. Further development and investment across the entire DNO regions will be delivered in RIIO2, and DNOs are currently in the process of engaging with stakeholders to develop their RIIO2 Business Plans. In many cases the assessment of certain sites will include elements which are not within the control of, or unknown to, the DNO, and therefore this Call for Evidence allows further evidence to be collected from stakeholders to further justify investment in that area of the network. If there is a region or regions which stakeholders believe we have missed, we have left space in the questionnaire for this to be raised.

As discussed above, the schemes that come forward will be very useful in assisting DNOs with their overall network planning. Some factors that could inform the assessment of areas for network investment are set out in Table 2 below. Weight will be given to locations that would support development where well-developed and well-evidenced Local Area Energy Plans (LAEPs), or equivalent¹⁰, show a specific need. Any offers of co-investment or in-kind contributions (such as land for infrastructure or cable routes) will make a site or area more attractive on the basis of deliverability and value for money. More generally, joint funding is likely to associated with a more holistic solution to an area.

Local support is key for projects. Evidence from projects which have been developed by Community Energy Groups and can demonstrate to us a level of local support can strengthen applications and show a desire to support Net Zero developments in a geographical area are particularly encouraged.

¹⁰ For example, Local Heat and Energy Efficiency Strategies (LHEES) in Scotland

Evidencing a need for investment	Forecasting a certainty of need	Building back better
DNO Network capacity map or Long Term Development Statement (LTDS) references a small or negative headroom	DNO best view/DFES numbers support a need within ED2. For instance, local Electric Vehicle and Heat Pump growth projections	Supports local job or investment creation
Intervention is planned in LTDS	LAEP numbers/strategy or completed feasibility study supports a future need	Supports development of other infrastructure options; transmission, road, rail, water, gas, housing, etc
Customer has received a quotation/budget offer with reinforcement costs	Historical LCT connection numbers are buoyant in the area	Enables decarbonisation and delivers a net carbon reduction
Area/connection is under Active Network Management	A specific local incentive offered is driving need	Leverages third party investment to deliver a greater output than the sum of its parts
Community Energy or Local Authority support for plans	Regional or local government have designated the specific area as an Energy Innovation Zone (EIZ), Opportunity Area (OA) or area where strategic growth aligned to net zero targets may occur	Would not be reasonably expected to go ahead due to network costs
Applications with more areas being evidenced will attain a higher priority		

Table 1: Building the Evidence Case - DNOs will consider factors including:

4. Specific site information for consideration

DNOs have identified areas of network for potential investment under this scheme. Selection of these sites has been based on our best knowledge of existing local plans, connection applications, our Long Term Development Statements (LTDS) and forecasts (DFES).

The WPD areas of network for potential investment are shown on the map which can be viewed on our website: <u>www.westernpower.co.uk/green-recovery</u>

This map shows geographic areas where we have identified (using the criteria described in this Call for Evidence) a potential need for strategic investment in our electricity network to enable 'green recovery' projects to proceed over the next 2 -3 years. The map shows the areas that could benefit from these investments and are based on the distribution areas of the substations named on the map. We need further evidence from stakeholders, to enable us to short list which projects in these areas proceed.

The type of network reinforcement proposed in these areas varies but includes new or upgraded substations (ranging from smaller 11kV to larger 33kV and 132kV substations), as well as investment to upgrade the existing circuits (cables and overhead lines) connecting these substations to the wider electricity distribution network. Some of the projects will also create new high voltage assets and effectively bring the WPD network physically closer to areas where we know there is significant interest in green investment, but where the capacity of our network is more limited at present.

We are seeking the input and evidence from stakeholders to tell us if you agree that we have identified the right areas for investment? If you do, please complete the questionnaire and highlight the 'green' projects you have in these areas. If you feel we have missed any areas, please also let us have this feedback, again giving us details of the projects and their timescales. We will use this evidence to help us short list the areas and projects that should proceed to the implementation stage.

5. Green Recovery CfE Questionnaire

Please either visit our website to submit your evidence online: <u>www.westernpower.co.uk/green-</u> <u>recovery</u> or complete the questionnaire in this section and return to <u>wpdgreenrecovery@westernpower.co.uk</u>

Please note that each question response has a maximum word count of 400 words. Responses are welcome from all types of stakeholders.

1.	Name of proposing body
	Response:
2.	Name of proposed project and brief description Response:
	Project Name:
	Brief Description:
3.	The technology or scheme being considered for development Response (please check all that apply to your scheme):
	Air Source Heat Pump(s)
	Public (on-Street) EV Charging
	EV Charging Hub(s)
	Rapid Charging ay Motorway Service Areas or Trunk Roads
	Battery Storage
	Storage (other)
	Solar Panels – Domestic
	Solar Panels – Commercial
	□ Wind Turbines
	Demand Side Response
	Other (please specify):

4.	Location – grid reference (s), post code(s) and where known point of connection(s) to the electricity network required. If more than 5 locations, please attach details with a map as an appendix. Please include 'what3words' reference.
	Response (please populate as many as possible):
	Grid Reference(s):
	Post Code(s):
	Point of Connection(s):
	What3words Reference(s):
5.	Total electrical capacity potentially required (kW peak). Please indicate if it is a new or existing connection(s) being proposed. If there is an existing connection, please indicate how much additional capacity is required.
	Response (please populate as many as possible):
	Connection type:
	Demand
	Generation
	Storage
	Capacity required – please include any assumptions in the space allocated (eg: use of load limitation/management devices):
	New connection – capacity required:kW peak
	Existing connection – additional kW required:kW peak
	Assumptions:
6.	Has an application been made for connection in the past? If so, is this progressing? And if not, why not? (please provide any detail on application numbers etc, if available)
	Response: Previous connection application:
	☐ Yes
	Date Requested:
	Reference Number:
	Status:
7.	Land rights – do you have the necessary land rights to allow us to install equipment between the public highway and the preferred connection point(s)?
	Response:

	Yes (description):
	Letter of authority available (if proposal is in 3 rd party land). Please attach to submission.
8.	Does your proposal require planning permission or building regulation approval? Do these exist? Or if in progress please explain current position.
	Response:
9.	Have agreements with other parties (e.g. charge point providers or HP installers) been established? Please provide details of status to proceed with installation.
	Response:
10.	Is funding for the installation of the technology in place and authorised to go ahead (either by yourself or with other parties)? Please explain the level of funding already secured.
	Response:
11.	Please explain if and how your project(s) will meet both the net zero objective, part of the UK Government's Energy White Paper, 10-point plan, Welsh Government's Prosperity for All : A Low Carbon Wales and any other relevant UK Government or devolved Government policy. Where possible please quantify the impact.
	Response:
	Relevant area of 10- point plan for a green industrial (if applicable):
	Point 1: Advancing Offshore Wind
	Point 2: Driving the Growth of Low Carbon Hydrogen
	Point 3: Delivering New and Advanced Nuclear Power
	Point 4: Accelerating the Shift to Zero Emission Vehicles
	Point 5: Green Public Transport, Cycling and Walking

	Point 6: Jet Zero and Green Ships
	Point 7: Greener Buildings
	Point 8: Investing in Carbon Capture, Usage and Storage
	Point 9: Protecting Our Natural Environment
	Point 10: Green Finance and Innovation
12.	Please explain how your project will meet objectives of net zero related DNO local planning/LA planning/local developments/local energy plans and/or Energy Innovation Zones – see Table 2 for more detail. Where possible please quantify the impact. Response:
13	What is your evidence of end user demand or need? Please provide evidence that a need exists and there is demand or a customer ready to utilise your facility or service.
	Response:
14.	Please explain if and how your project will support job creation, fuel poverty or wider societal benefits not described in other questions. Please also describe if your location is an under-served area. Where possible please quantify the impact. <i>Response:</i>
15.	Please explain if and how your project will improve air local quality or reduce CO2 emissions. Where possible please quantify the impact.
	Response:
16.	Where applicable, please explain how your project will improve accessibility to EV charging infrastructure for those without off street parking.

	Response:
17.	What is the proposed timeline for your scheme?
	Response:
18.	Have we missed any sites you believe should be accelerated as a part of our Green Recovery scheme, which are not identified in Section 4?
	Response:
19.	Any other supporting information
	Response:

Signed: _____

Position: _____

6. Frequently Asked Questions (FAQs)

The below list of FAQs has been compiled by ENA. Please do not hesitate to contact your local DNO or ENA if you have any further questions.

1. **Q:** My project will not be ready for the proposed ENA Green Recovery scheme timeline, how do I avoid missing out?

A: The aim of this project is to support the Green Recovery by targeting investment in networks where there is expected to be significant green activity in the next year or two. Projects which are not able to meet the timeline in this CfE will not miss out, with the opportunity to submit their evidence to DNOs for inclusion in the RIIO-ED2 business plans, which will be submitted to Ofgem and cover investment in the networks over the period 2023-2028.

2. **Q:** What are the most important criteria in your assessment of what will be funded? How are they weighted?

A: The process for selecting sites is discussed in Section 3 of this document. This Call for Evidence is part of the overall network planning for DNOs, and will allow further evidence to be collected from stakeholders to further justify investment in that area of the network.

3. Q: What type of projects will succeed in this scheme?

A: The process for selecting sites is discussed in Section 3 of this document. We are looking for shovel-ready projects that will support the Green Recovery and address key Government policies such as net zero and the decarbonisation of transportation.

4. **Q:** Will an existing in-progress project be able to apply for a retrospective refund of infrastructure works?

A: No – this funding is aimed at new projects that are struggling to be justified due to network infrastructure costs, rather than those that can or have already been paid for.

5. **Q:** If I have recently accepted a connection offer but no works have yet started, can those be suspended whilst the project is considered under this funding arrangement?

A: No – this funding is aimed at new projects that are struggling to be justified due to network infrastructure costs, rather than those that can or have already been paid for.

6. **Q:** There are a number of options for connection point(s) of our project – is the help available to assess these to decide which to put forward for funding?

A: All DNOs are available for a bilateral discussion on potential projects, to help with decision making as to the best point of connection to the network. Please approach the relevant DNO accordingly.

7. **Q:** What exactly will the funding cover? Will it cover my equipment costs?

A: The funding that Ofgem will make available to networks will be used to invest in the networks. This reinforcement will be targeted in areas with significant green activity, and can be thought of as strengthening the networks and/or bringing the network closer to 3rd party (green) projects, which in turn will reduce the cost of connection for those projects.

The funding will not cover the costs of the 3rd party project/equipment, nor the sole-use connection assets.

8. **Q:** It is unlikely that I will be able to obtain all of the Land Rights and/or Planning Permission for my site within the 6 week CfE period – will I be penalised and miss out?

A: Not necessarily – it is not compulsory to have Land Rights and/or Planning Permission fully agreed by the time this CfE closes. However, the more information and evidence that you can provide to us the better. If this information exists, it will further evidence the fact that your scheme is shovel-ready or can be quickly deployed, which is one of the key aims of this Green Recovery scheme.

9. **Q:** When does my scheme have to be completed? Is it required to be finished by the end of RIIO-ED1?

A: No – there is no end-date requirement for stakeholder schemes, however we are looking for committed stakeholders who have shovel-ready schemes that can be quickly deployed to support the Green Recovery. The intention is that the majority of the network investment is completely by the end of ED1 though.