



## **Steering Group**

### **16 December 2020**

**Approved proposal for application windows 7-11, payment tapering and extension of Fast Track scheme**

Recommendation beyond  
application window 6

# Principles



Addressing programme priorities to:

- Minimise cost of alternative actions to manage LoM
- Encourage compliance well in advance of the 01 September 2022 deadline

Key themes:

- Prioritise changes at sites with low RoCoF settings before summer 2021
- Encourage early completion of site changes through payment tapering
- Encourage early applications whilst also giving contractors visibility of the programme duration to ensure resources are deployed to support programme delivery

# Recommend opening additional application windows

Edits capturing meeting decision in bold

Scheme	Intention	Scheme Eligibility	Estimate of number of sites that can apply	Site payment	Total cost	Views
<b>Standard application route:</b>	<p>Continue to support action to achieve compliance and provide greatest reward to those undertaking work soonest</p> <p>Give contractors visibility of the duration of the funded programme.</p> <p>Help to counter perceptions of some stakeholders that payments might increase in the future, which risks delaying action.</p>	<p>Remaining sites not covered by any Fast Track</p> <p>Continue application windows:</p> <p>W7 closing date 11 May '21            W8 closing date 10 Aug '21            W9 closing date 09 Nov '21            W10 closing date 08 Feb '22            W11 closing date 10 May '22</p>	~43,500	<p><b>Continue current payment structure for works completed by 23 March 2022:</b> £4k per replacement and £1.5k for 1<sup>st</sup> settings change</p> <p>Then taper payments according to applicant completion date:</p> <p><b>Payment rates for sites completing in 2022:</b></p> <ul style="list-style-type: none"> <li>• Up to 23 March – 100%</li> <li>• 24 March – 22 June – 80%</li> <li>• 23 June – 31 August – 70%</li> <li>• 01 Sept onwards – 0%</li> </ul>	<p>Theoretical maximum £174m</p> <p>Less:</p> <ul style="list-style-type: none"> <li>• Saving from the proportion of sites just changing settings</li> <li>• Where compliance is achieved outside of the programme (estimate 5GW)</li> </ul>	<p><b>Recommend</b></p> <p>Provides sufficient time to engage all sites and to communicate the future payment tapering <b>at the end of the programme. Whilst there is no evidence of the impact that tapering of payments will have, it does provide a tangible message that early action is preferred.</b></p>

# Recommend extending Fast Track scheme for low RoCoF settings

Edits capturing meeting decision in bold

Scheme	Intention	Scheme Eligibility	Estimate of number of sites that can apply	Site payment (in addition to the site receiving the standard application route payment)	Total cost	Views
Fast Track 1	Reduce RoCoF costs by summer 2021	Extend existing Fast Track scheme for sites with low RoCoF settings up to 0.2 Hz/s for applications until end of March 2021. <b>And extend eligibility to include all distributed generation with low RoCoF settings.</b>	820	£5k	£4.1m	Recommend  <b>Further commentary provided on the following slide</b>

# Recommendation: Extending Fast Track to all distributed generation with RoCoF settings up to 0.2 Hz/s



**Post-meeting: Additional slide**

Consideration	Mitigation / proposed approach
What about other G59 sites that may have RoCoF protection in addition to intertripping? And what about sites >50 MW?	Recommend inclusion of all distributed generation with RoCoF settings up to 0.2 Hz/s to provide a single clear extension of scope to all affected embedded generation
What is the cost of extending scope of Fast Track scheme for sites with low RoCoF settings to all affected distributed generation	The programme team estimates an additional 120 sites / £600k on top of the existing estimate for the Fast Track scheme (without extension of scope) of 700 sites / £3.5m. 41 of the 120 sites are already known to the programme, providing an early opportunity to engage and encourage action.
Retrospectivity. Should the scope extension and payment apply to sites that have already completed works?	No. Circumstances have changed during programme delivery, necessitating this further action.
Is four weeks realistic for these sites to implement changes?	The 4 weeks only begins at point of acceptance of their application, so sites have up until the end of March to prepare for their works and make their application, before the latest date to start their 4 week delivery period.
This creates a precedent for paying for sites that are not compliant to achieve compliance.	This time limited scheme tackles a specific risk to the electricity system in summer 2021 and is designed to encourage timely attainment of compliance. This is a limited additional cost (£600k) as opposed to the significant cost (>£150m) of managing loss of mains risk from these sites in summer 2021 through other actions. It is needed to ensure the programme delivers maximum value.
Fairness. This scheme appears to discriminate between sites and types of technology and compliance requirements.	This time limited scheme tackles a specific risk to the electricity system in summer 2021 and is designed to encourage timely attainment of compliance. This is a limited additional cost (£600k) as opposed to the significant cost (>£150m) of managing loss of mains risk from these sites in summer 2021 through other actions. It is needed to ensure the programme delivers maximum value.
Reputational risk to Licensees that more should have been done to ensure the compliance of these sites in advance of the compliance deadline for these sites	Circumstances have changed and additional information gathered during programme delivery, necessitating this further action. This had not previously been foreseen by stakeholders.
DNOs need consistent material to engage sites by early January to enable sites to respond by end of March.	Key messaging drafted, to agree through the Customer Support and Stakeholder workstreams. Template letter to be drafted for DNOs to engage potentially affected sites, using consistent messaging. Frequently Asked Questions being updated to address Fast Track extension considerations. ENA, ESO and programme portal website messaging to be updated and shared with DNOs for their webpages. Payment Process Specification being edited to reflect Fast Track and additional application windows.

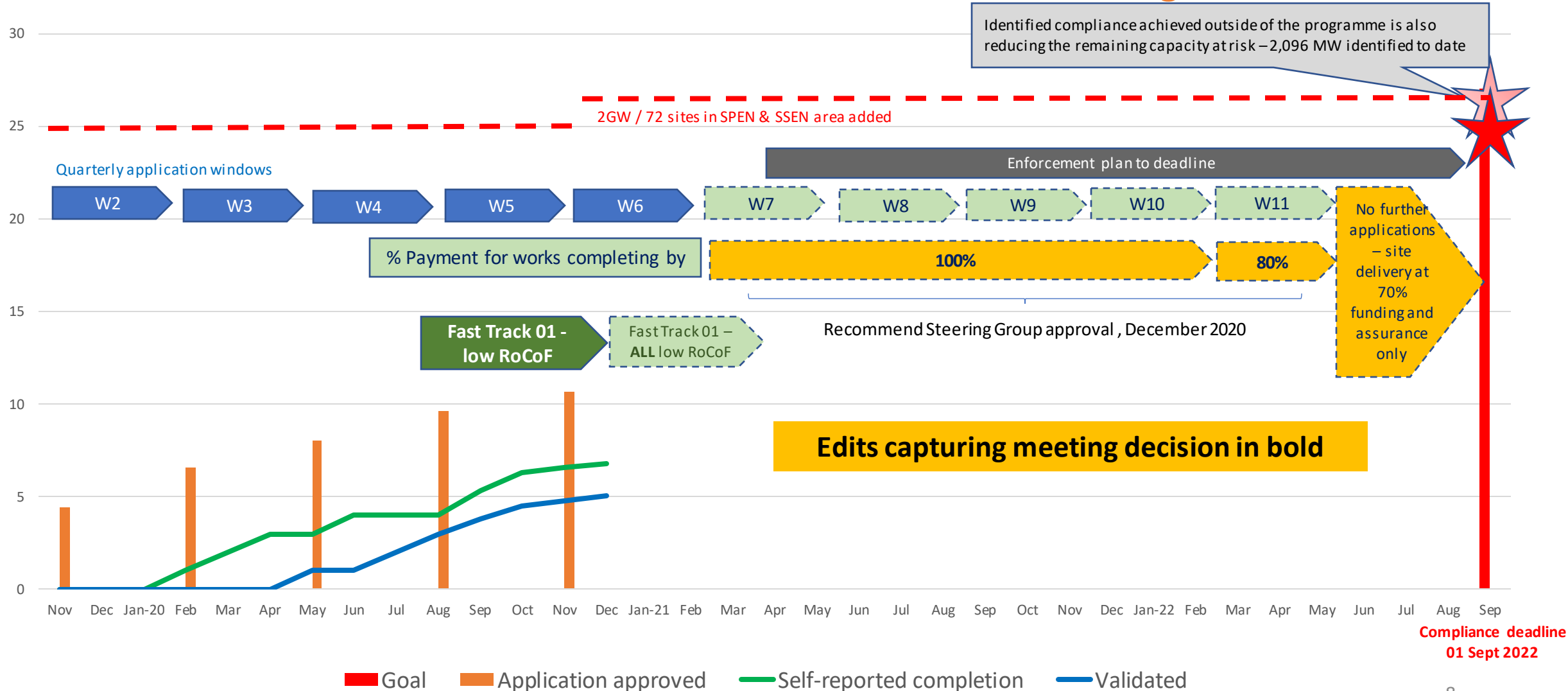
# Recommend re-doubling communication and engagement activity

No edits

- Customer Support and Delivery Assurance workstreams recommended pursuing additional communication and engagement activity before considering any additional Fast Track schemes
- Engagement to significantly increase visibility of ALoMCP to stakeholders throughout Great Britain:
  - DNOs to pursue follow up to export MPAN engagement and extend to import-only MPANs. With ESO proposing particular focus on 0.5-5MW capacity range
  - Engagement through Ofgem FiT register
  - Engagement via suppliers
- Allocate resource to indentify priority sites:
  - G59 test certificate review – drawing on DNO and Ofgem records
- Requires resource support to existing customer support teams

# Addition of today's Recommendations to Plan on a Page

## ALoMCP Timeline and Tracker at 14 December towards 25 + 2 GW goal





# Recommendation summary

## Edits capturing meeting decision in bold

### Priority sites

- Fast Track scheme continues for <5MW sites with up to 0.2 Hz/s RoCoF **and extended to all embedded generation with RoCoF settings up to 0.2 Hz/s.**
- Open for applications until the end of March 2021, assessed weekly for changes to be completed within one month. Qualifying sites must complete works before summer 2021
- Maintain additional payment of £5k for sites qualifying for Fast Track
- Pursue opportunities to pro-actively engage sites with low RoCoF settings, including through reviews of G59 test certificates held by DNOs and Ofgem.

### Early completion

- Apply payment tapering to **the final quarters of the programme (after 23 March 2022)** to incentivise early completion
- Increase communication and engagement activity, drawing attention to the tapering down of payments **towards the end of the programme** and **extending the Fast Track scheme to all embedded generation with RoCoF settings up to 0.2 Hz/s**

### Early application

- Current approach prioritises applications for changes that will be implemented in the quarter following application. Recommendation to revise this to allow applicants to propose completion dates at any time during the programme delivery period before the compliance deadline, whilst using the tapering of payments **towards the end of the programme** to incentivise early completion.