

IED Compressor Reopener Update June 2018



Latest progress

- Since our stakeholder consultation in March we have continued to refine our proposals and their costs
 - At Hatton we have identified that a single large new gas unit is a more economic way of providing the required capability than abating or replacing two existing (smaller) units
 - We have concluded it is appropriate to decommission compressor capability at Warrington
 - We have concluded it is appropriate to retain compressor capability at Moffat for the remainder of RIIO-T1
- Our formal business case has been submitted to Ofgem and a redacted version has been published on Ofgem's website [here](#)

What's changed in our proposals?

IED site	March 2018 Stakeholder Consultation	May 2018 Reopener Submission
St Fergus	Emissions abatement on one RB211; and <i>either</i> emissions abatement on one Avon <i>or</i> one new gas unit	No change
Peterborough	One replacement unit and decommission two units (in line with current site works)	No change
Huntingdon	One replacement unit and decommission two units (in line with current site works)	No change
Hatton	Emissions abatement on two RB211s <i>or</i> two new gas units	One new large gas unit
Carnforth	Decommission both RB211s by 2023; site reconfiguration to common pressure tier with Nether Kellet	No change
Kirriemuir	Decommission the LCP unit (already disconnected)	No change
Moffat	500-hour derogation on both units <i>or</i> decommission both units	500-hour derogation on both units
Warrington	500-hour derogation on both units <i>or</i> decommission both units	Decommission both units
Wisbech	Continue operating the RB211 (Unit A) under the derogation until 2023	No change

Requested allowance

Site	Legislation Compliance	Programme Cost	RIO-T1 Cost	RIO-T2 Cost
St Fergus	IPPC Phase 4	27.2	12.0	15.2
	LCP	28.9	12.7	16.2
	LCP	2.0	0.0	2.0
Huntingdon	IPPC Phase 4	27.1	27.1	0.0
Peterborough	IPPC Phase 4	30.9	30.9	0.0
Carnforth-Nether Kellet	LCP	3.2	3.2	0.0
Hatton	LCP	53.9	18.9	35.1
Moffat	LCP	11.1	11.1	0.0
Warrington	LCP	4.2	4.2	0.0
Wisbech	LCP	1.4	1.4	0.0
Kirriemuir	LCP	2.0	2.0	0.0
Total		191.8	123.4	68.4

Comparison to existing allowance

£m	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total
Ex-ante allowance	0.0	1.6	16.2	49.1	66.3	66.6	46.9	33.9	280.5
RIIO-T1 cost	0.3	4.2	5.5	3.5	13.7	25.3	43.3	27.5	123.4
Relevant adjustment	0.3	2.6	-10.6	-45.6	-52.6	-41.2	-3.6	-6.4	-157.1

- Our proposals would result in a reduction of £157m against the RIIO-T1 allowance

Ofgem informal consultation

- Ofgem are consulting on the following questions with responses requested by 20th June
 - Does the submission provide adequate evidence that the planned expenditure is necessary?
 - Does the submission provide adequate evidence that the planned expenditure is efficient and proportionate?
 - Is there any other relevant information we should consider before making our determination?

Minded-to position and decision

- Following the current informal consultation we understand that the next steps will be
 - Statutory consultation on minded-to position: late July/early August (4 weeks)
 - Decision: late September