

Orkney Renewable Energy Forum (OREF)  
Old Stromness Academy  
Stromness  
Orkney

17.9.04

Richard Lavendar  
Senior Commercial Analyst  
National Grid Co Plc  
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Dear Mr Lavendar

Thank you once again for the opportunity to respond to the current consultation 'GB Transmission Charging – Final Methodologies'

OREF represents all stakeholders with an interest in renewable energy and energy conservation in Orkney.

We can summarise our responses thus:

Location

We are extremely disappointed that the Island groups – who are richest in renewable resources – are not specifically included in core of any of the existing consultation models. This is despite a current generation capacity from renewables of around 30 Mw – which is a significant part of the current UK connected capacity.

The main barrier to continued competition within Orkney is the discriminatory nature of, both, transmission and distribution charges.

BETTA grid model

We are puzzled as to how the Island groups fit within BETTA. Some examples of this lack of clarity include the situation of embedded generators (connected at 33kv) operating on the Isles at less than 100mW. According to the consultation these generators would be exempt from TnUOS charges – this is likely to be the case given the dispersed nature of development in Orkney. Under this scenario there would be no incentive for NGC to invest in a new transmission link to accommodate the cumulative surplus generation of such generators.

We feel than the extension of the England & Wales model to Scotland and in particular the Islands of Scotland is wholly inappropriate, especially considering the pattern of generation and geographical profile of the network.

G/D split

The continual shifting of the generation/demand split is baffling and we cannot understand why demand customers should not benefit from negative charging along with generators. This would provide for even-handedness across generation and demand within a location.

If this proves unachievable we feel that an alignment with probable EU practice should be adopted; ie 0/100 split.

Generation only spurs

A new transmission connection to Orkney could be argued as a 'generation only spur' of more than 2km, and therefore classified as infrastructure – again it remains unclear whether this is the intention.

Third parties and stability of charges

We feel that promotion of competition should take priority over cost reflectivity. The exclusion of the island groups from the models used to date, along with the significant impact of third parties, could create a horrendous situation in terms of the predictability and stability of charges – leading to lack of confidence in the local market.

Nodal charges

We believe that there should be more flexibility allowed within a zone – perhaps doubled to +/- £2/kW. This would have the effect of reducing the number of zones and increase the predictability and stability of charges.

The island groups should be modelled to determine their effect on the zoning under scenarios A and B.

Scenarios A & B

Of the scenarios identified in the consultation paper, we agree A better meets the relevant objectives. It does however frustrate us greatly that we are not included in the modelling and we request that NGC provide within future consultations examples of the cost of connecting the island groups to the Transmission network. This should also detail how they would be accounted for in the proposed zones. Until this happens the island groups are being discriminated against and prevented from competing in the UK market which is ironic considering when one of the key principles of BETTA would mean that renewable and other generators, particularly in Scotland, will benefit from access to the wider British network.

Yours sincerely,

Colin Risbridger (Chair)  
Dennis Gowland