

Mr Richard Lavender
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Dear Mr Lavender

RDC Scotland Ltd welcomes the opportunity to comment on the recently published Final NGT consultation on GB transmission charges methodologies. Whilst significant wind energy project developers we are not able to comment on the detailed technical aspects of the consultation, these are being dealt with separately by the BWEA. However, we write to express our concerns on the potential outcome of the charging methodology and resulting charges proposed on the development of renewable energy projects in Scotland.

- 1) As major developers of wind energy projects in Scotland the proposed level of charges could have a major detrimental effect on the projects we are pursuing there and we note in particular that in the Scottish and Southern Energy area they could be almost twice the level under the pre-BETTA charging regime. Transmission Use of System Charges of over £20/kW/annum, together with increased costs incurred with community funds and business rates etc., will make a number of windfarm projects uneconomic throwing into doubt the achievement of the UK government and Scottish Executive Renewable Energy Targets. The net effect of the proposed Transmission Charging Methodology will be that renewable energy projects in Scotland will be subsidising polluting, green house gas emitting projects in England & Wales which makes a nonsense of Government policy.
- 2) This situation is exacerbated by the controversial decision by OFGEM to treat 132kV as a transmission voltage in Scotland whereas it is a distribution voltage in England and Wales. This automatically increase the number of projects liable to transmission charges and the high level of charges proposed will further increase the differential between 132kV connected projects in Scotland and England& Wales. Indeed is it not possible that given the definition of zones with nodes with marginal costs +/- £1/kW that large windfarm projects, relatively isolated from each other and other generators, will under the 'plugs' methodology end up with marginal costs well away from +/- £1 from their nearest neighbours and this in turn will lead to a

proliferation of zones many based on a single node or renewable energy project.

- 3) Although mentioned, but not explicitly included in the present consultation, the possibility is raised that distribution system connected projects in Scotland will have to bear high transmission charges, as well as distribution system related Generator Use of System Charges, if they generate more than the minimum summer load at the relevant grid substation. This double 'whammy' would be totally unacceptable.
- 4) We realise that the recent 'Small Generator' consultation and the taking by the DTI of reserve powers in the Energy Bill to apply rebates to projects in peripheral areas may serve to offset the proposed charges. The extent of this offset is an unknown quantity at this stage, but this adds to the general uncertainty concerning BETTA and which is antithetical to the stability required for windfarm developers to obtain financing from Banks etc.

In summary the application of the charging methodology proposed could lead to a major, detrimental impact on the development of renewable energy projects in general but particularly Scotland.

If you wish to discuss any aspect of the above please do not hesitate to contact me.

Yours sincerely

Gerry Jewson
Director