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Mr Tom Ireland  
National Grid Electricity Transmission Ltd  
National Grid House  
Warwick Technology Park  
Warwick  
CV34 6DA

27 August 2008

Our Ref: EN01-000479

Dear Tom,

### **GB ECM-11 Consultation Document**

#### **Introduction**

Renewable Energy Systems Group (“RES”) is a leading UK based developer of renewable energy projects. A wholly owned subsidiary of Sir Robert McAlpine Ltd, RES has developed and constructed over 1500MW of wind energy projects worldwide with a further 1100MW currently under construction. In 1992 RES developed the UK’s second wind farm at Carland cross in Cornwall. RES has developed and constructed 200MW in the UK and has a UK portfolio of over 1000MW in various stages of development and construction. We are active participants in industry fora on transmission access and charging with membership of the Transmission Access for Distributed Generation Group (TADG); the Access Reform Options for Development group (ARODG); the Transmission Charging Methodology Forum (TCMF); and various CUSC Working Groups including that currently assessing modification proposals for short term access products (CAP161 to CAP164).

#### **Summary**

RES supports neither of the proposals set out in this consultation. We believe that they do not provide a proportionate response to the issues that NGET wished to address. We believe that neither proposal is appropriate for implementation and that they do not better facilitate achievement of NGET’s licence obligations. We invite NGET to decide that it should not propose a change to the charging methodologies at this time.

#### **RES Comments**

- 1) We agree with the views of OFGEM expressed in December 2007 about the limited progress being made on this issue since first being raised in December 2005. For wind farms the most appropriate (and also the efficient and economic) form of connection is often a single circuit unsecure connection. Projects are now being built on this basis which provides a significant reduction in capital expenditure for National Grid but without any material reduction in use of system charges compared with a secure connection.
- 2) We object to the very short timescale provided for this consultation. The Transmission Licence provides 28 days as the minimum consultation period but in light of the significant changes proposed here and it being the summer holiday period we believe that a longer consultation period is required. RES believes that the timing of the consultation may result in a low response from industry participants. It is important that a lack of response is not taken as a sign of acceptance of the proposals set out in the consultation.

- 3) In the light of the substantial changes to the TNUOS charging methodology being proposed we believe that an Impact Assessment is vital and if not carried out by National Grid, then most definitely it should be carried out by OFGEM.
- 4) We note with concern that under the proposals outlined in the Consultation TNUOS charges in the North of Scotland will rise and, even after the application of an unsecure connection discount, the TNUOS charges proposed will still be greater than those derived from the current charging methodology. This is counter intuitive if not downright perverse.
- 5) We are disturbed by the introduction of two classes of substations on the GB transmission system; MITS and local generator substations. The proposal introduces discriminatory treatment between power stations connected to the MITS and those connected to local generator substations. The inference is that the stronger your connection the lower your charges; which seems perverse.
- 6) OFGEM has in the past concluded that appropriate high level principles for charging were: Cost Reflectivity; Predictability; Simplicity; Transparency and the Facilitation of Competition. Since the outcome of the present consultation results in individual, two part TNUOS charges for each generator, the results are not simple, overly transparent nor predictable. This is particularly true of the distance to zonal hub model.
- 7) The consultation also proposes under its option B (Distance to Zonal Hub), to introduce 'local charges TNUOS ' to embedded generators with a BEGA, not directly connected to the transmission system but with a capacity of less than 100MW who currently do not pay TNUOS charges. This is a major addition, particularly for those in Scotland, to the operating costs of projects which cannot have been anticipated when the project was being developed. On this basis we are firmly against option B.
- 8) However we are also opposed to Option A on the grounds set out above – not least that the proposal introduces unnecessary complexity and is neither transparent nor predictable. We do not believe that this proposal is a proportionate response to the issues that it was intended to address.
- 9) RES urges NGET to conclude that neither of the proposals consulted upon are appropriate for implementation and that they do not better facilitate achievement of NGET's licence obligations. We invite NGET to decide that it should not propose a change to the charging methodologies at this time.

Yours sincerely,

A handwritten signature in black ink that reads "R Ford". The signature is written in a cursive style and is underlined with a single horizontal stroke.

Richard Ford  
UK Grid Connections Manager

CC: File