

Facilitating Renewables

Key points

- National Grid has already signed connection offers with renewables developers that represent over 16GW of renewable, around half of the Government's 2020 target.
- National Grid is working with BERR and Ofgem to develop the process for connecting to the electricity transmission system to better meet the challenges associated with the growth of renewables.
- National Grid advocates a framework around which additional network development can be delivered on a strategic, pre-emptive basis.



National Grid will play a key role in ensuring that these targets are achieved by providing timely connections of large scale renewables.

National Grid's role in facilitating renewables

We are actively managing applications for connections to ensure that projects that are ready to precede building are not being held back by those without planning permission and occupying capacity that could be utilised otherwise.

We have developed this approach alongside other framework changes that include:

- Making information about projects and associated transmission works more transparent
- A new approach for the providing financial securities to trigger the start of transmission investment in order to allow projects to connect earlier. We are consulting with industry over these proposals during 2008.
- Helping to reduce the upfront costs that individual projects face. By clustering projects together, we now spread the

Introduction

In January 2008, the European Commission set out proposals for a binding target that renewable energy sources should account for 20 per cent of all EU energy consumption by 2020. This would mean up to 40 per cent of electricity in Great Britain being generated from renewables. To enable this, the UK Government has set out ambitious proposals to open up the sea bed to a much larger array of wind farms, as well as starting a feasibility study on a tidal barrage scheme in the Severn Estuary which could generate 5% of the UK's renewable electricity. In June 2008 the UK Government set out its Renewable Energy Strategy as a road map to how it will achieve this target.

We are currently managing 16GW of contracts for new renewable generation projects - 7GW of which is in England and Wales and 9GW is in Scotland. Connecting these projects to the electricity transmission system will require major reinforcement as well as new connections.

Challenges and solutions

In total 49GW of new generation has signed connection agreements with National Grid compared with the 77GW of generation capacity currently connected to the transmission system. Since 2005 155 new renewable projects have applied for connection.

National Grid is committed to facilitating new renewables by ensuring all applications are processed within agreed timescales and dates.

cost of investment in transmission networks over several projects.

Reform of the existing transmission access rights

Transmission access arrangements dictate the transmission capacity available for a generator to use. In order to partly accommodate the intermittency of wind, National Grid is committed to the development of new transmission access arrangements to better facilitate the connection of renewable generation.

We are playing a pivotal role in driving this forward with BERR and Ofgem within an industry-wide discussion as part of the Transmission Access Review access arrangements.

The changes being proposed aim to make better use of existing capacity while incremental system reinforcements are underway - introducing choices and flexibility for generators in the way they use the transmission system.

There are three broad models of access reform which National Grid is leading the industry in developing.

- Arrangements to allow generators to connect ahead of wider transmission system reinforcements to accommodate their required capacity.
- Short term access arrangements to free up some of the existing capacity.
- A system of capacity auctions that would allow renewables, with the support of ROCs, to compete with conventional generation in gaining long term access rights.

We have put forward modifications to the relevant industry codes, and

amendment proposals could be delivered to Ofgem for determination by the end of 2008, with the aim of implementing any reforms by April 2010.

National Grid will implement an interim solution which could result in 1600 Megawatts of renewable generation – about the size three large power stations - being connected by 2011 – much earlier than the current rules would allow.

Strategic Investment

The current regulatory regime is founded on developers providing firm financial commitments to transmission projects that justify that the investments proposed are required. This means transmission investment only happens after a generator has planning permission. Given the scale of the renewables targets, this approach will not deliver all the necessary connections and reinforcement of the system by 2020.

We advocate a framework around which additional network reinforcements can be delivered on a strategic, pre-emptive basis. This will allow National Grid to invest now and not wait for connection applications from generators as the current regulatory framework requires, ensuring the necessary capacity arrive when it is needed.

National Grid is in active discussions with Ofgem around different regulatory models to ensure that the required investment is made in order to help deliver renewables and ensure security of supply is maintained.

Challenges for the Government

Planning reform

Reform of the planning and consents regime is essential if the

UK's renewable energy targets are to be achieved. The problem is particularly acute where transmission is needed in areas where there is little or no existing network. The Beaulay to Denny line in Scotland has now gone to a planning inquiry and if consented is now not expected to be complete until after 2012. This has already pushed back around half of the connection dates in Scotland, which are dependent on the line.

National Grid fully supports the planning reforms contained in the Planning Bill and urges the Scottish Executive to continue down the path of adopting a similar regime to that proposed in England and Wales.

The offshore planning regime being considered in the Marine Bill should also take into account the developments in the reform of the onshore planning system to bring about consistency in the two systems.

Offshore transmission regime

A huge amount of the UK's renewables potential is located offshore and will provide the bulk of the power needed to meet the EU 2020 target.

Ofgem and BERR have proposed a competitive tender approach to appoint Offshore Transmission Owners, i.e. the companies that will make investments and build transmission infrastructure to connect offshore windfarms.

As with the onshore framework, the offshore regime will need to deliver co-ordinated, strategic network reinforcements on a pre-emptive basis. It is not clear to National Grid whether the competitive approach, as proposed, will deliver this, as it will depend upon offshore developers providing up front commitment to

the projects they intend to progress.

National Grid is keen to work with Ofgem and BERR to ensure that these arrangements can deliver the volume of offshore renewables that will be required, however simpler models offshore that mirror the onshore arrangements may be more appropriate.

For press enquiries please contact the National Grid press office on 01926 656536. For all other queries please contact Joss Clarke on 0207 0043122