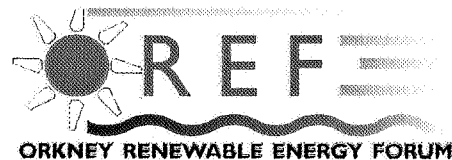


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21st May 2004

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OREF Response to the National Grid consultation on GB Transmission Charging: Initial Methodologies Conclusion

Orkney Renewable Energy Forum (OREF) has been in existence since 1999 and is one of Scotland's leading renewable forums. We represent over 20 organisations involved in renewable energy in Orkney. Further information about our work and our membership can be provided on request.

Firstly, thank you for the opportunity to respond to this second stage consultation on development of a workable transmission charging regime to operate under BETTA.

We are concerned primarily with the lack of a Transmission connection to Orkney Islands as this has been a barrier for the last 18 months to over 14MW of renewable generation. We have managed to negotiate an interim solution and have received offers to connect on a non firm basis to the Distribution Network.

The lack of a Transmission connection is thought to be restricting in the region of 120MW of generation capacity from renewable energy in Scotland. The reason for the barrier is the deep charging mechanism imposed on current Distribution Connections and because we are connected by two 33kV sub sea cables and have a dispersed pattern of generators no-one can foot the cost of the new sub sea 132kV cable.

We are concerned with the level of Transmission charges proposed in your consultation and feel it provides locational signaling for renewable energy development. We wish to be assured that the proposed charging mechanisms and zoning will be reviewed annually as the nature of the Transmission network in Scotland is forecast to change immeasurably 'Transmission Investment for renewable generation - Ofgem May 2004'. In this document passing mention is made of the proposals to connect Orkney, Shetland and the Western Isles to the Transmission network, we have been campaigning hard for this to become a reality.

Your consultation concludes that Scenario A provides more stable tariffs in order to better meet the relevant objective on competition, while retaining reasonable cost reflectivity. OREF is of the view that predictability and stability of charges must take precedence over cost-reflectivity.

Due to the potential interaction with a single GB expansion factor, the concerns regarding GB wide consistency, and taking account of the materiality, it is proposed to remove the modelling of circuits with spare capacity from the initial GB charging methodology. We support this stance and call for GB wide consistency at every level.

We welcome the confirmation that licence exempt embedded generation (<100MW) would not be liable for generation TNUoS charges under the current methodology and would support the continuation of this stance.

Associate Members



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In its conclusions, the DTI noted the Government's intention to introduce a legislative power to enable the Secretary of State to set a threshold for GB Transmission Network Use of System (TNUoS) charges for renewable generators in a specified area and percentage discount on the difference between the threshold and the charges that otherwise would have applied in such areas. This mechanism would apply where TNUoS charges might have a material adverse impact on new renewables development in a specified area with otherwise high renewable energy potential. We are of the opinion that we are one of these areas and would welcome any support NGT can provide in speeding up this process.

In conclusion, can we note that of the two, Scenario A is the preferred model of the renewables industry in Orkney and Scotland. It allows for more stability and results in a more sensible charging spread.

We would like to congratulate NGC for their work to date.

Once again, many thanks for the opportunity to comment on your proposals, and we look forwards to being involved in further discussions. We would like to extend an invitation to visit us in Orkney to discuss the options available for connecting our island group to the Transmission Network and look forward to your response.

Yours sincerely

pp. Colin R. Bullock / OREF Sec'y.

Colin Risbridger

Chairman
Orkney Renewable Energy Forum