

## TASG

Meeting 15<sup>th</sup> June 2007

Further Discussion paper – ‘NovTEC’ Straw Man  
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From what can be seen from CAP142 and surmised from CAP 68 - transfers (trade) of TEC from incumbents to new players may be possible - though I think that the primary purpose of the above is to move TEC for short periods between existing parties.

I say this because it may be:

- a) Very expensive (especially in N and W of Scotland) and
- b) Not 'bankable' in that the trade cannot be made in advance of build of generating plant, therefore a party might build and find that, by the time it was ready to connect, the opportunity to trade was gone.

Otherwise it might be said that a new technology wanting to connect and demonstrate its effectiveness in the market - at a relatively small capacity (say 20-50MW) - should apply to connect in the normal way, be given a very far off connection date and hope that a 'hole' may appear for earlier connection. One problem with marine connection, however, is that it is most unlikely that electrical connection would be available near to a 'hole'. It would most likely to sit behind a constraint for some considerable time. This may be mitigated in some degree if the list of possible donors for 'shortish term' TEC (with possibility to roll over year on year) could be expanded to include CONSAG TEC (would-be holders) who could, in some way rationalise their TEC to accommodate a new technology.

The proof of the intention to carry out the trade with the new technology party should be such that it would not be possible for the donor to renege (by hedging its TEC to avoid part being 'taken back' by Grid in the event of not enough consent for a wind farm- say). If the new technology party was not ready by a specified time, then that TEC could be taken from the Donor and utilised in a 'new technology pot' by Grid wherever it saw fit.

Some parties have raised the point that to allow an action like this for new technologies might be seen as discriminatory. On the face of it, this might seem to be so - however, it could be argued that it was not unduly discriminatory. There is a strong case being made by HM Govt. (and the EU) for a wide energy mix - utilising a wide range of technology and fuel types. A move to allow critical access (for demonstration sized projects) to the grid for new technologies would be in-line with this policy.

As the above TEC transfer 'product' is quite specialised and may well be limited in the areas where, electrically, it may be possible to share TEC - there can be no real impact on constraint payments. On the contrary it is likely to bring in TNUoS revenue earlier than otherwise.

The argument used against a trade from a TEC party in the GB queue from (most likely) wind to a novel renewable technology is undermined when such TEC may otherwise be taken away from one wind project and given to another wind project.

In summary the 'NovTEC' concept would:

- Allow for trade of TEC from both existing and 'GB Queue' TEC parties.
- It would allow for some rationalising of TEC between some parties with wind projects in the GB queue and those who need some limited access to move forward with new technologies.
- It would aid short and medium term grid planning by allowing such rationalisation in suitable areas - thus aiding in the maintenance of an efficient and cost effective grid system.
- Impact on consumers and generators would be very limited - if at all. In fact there may be a benefit to generators through balancing of extra TNUoS payments made by 'NovTEC' users.
- The innovation would support the policies of HM Govt, Scottish Executive and the EU for a wider energy mix, especially in the area of marine based technologies.
- It is expected that the amount of NovTEC in any one charging zone to be limited to –say – 200 MW.