

Mr Richard Lavender
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17th September 2004

Dear Mr Lavender

GB Transmission Charging – Final Methodologies Consultation

Falck Renewables Limited welcomes the opportunity to comment on the recently published Final NGT consultation on GB transmission charges methodologies. We would like to express our concern that the potential outcome of the charging methodology will be to severely curtail the development of renewable energy projects in Scotland.

- 1) We are concerned that the proposed level of charges could have a major detrimental effect on the projects we are currently developing in Scotland 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. This additional cost plus increased costs incurred with escalating community fund costs and land rental costs will make a number of windfarm projects uneconomic throwing into doubt the achievement of the UK government and Scottish Executive Renewable Energy Targets.
- 2) The consultation also mentions the possibility 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 would further exacerbate the crippling use of system charges being imposed on renewable generators.
- 3) We realise that the ‘Small Generator’ consultation and the undertaking by the DTI through reserve powers in the Energy Bill to apply rebates to projects in peripheral areas may serve to offset the proposed charges. However the extent and period of this offset is an unknown quantity at this stage, which adds to the general uncertainty concerning BETTA and creates an uncertain environment in which to be investing in the development of renewable projects.

In summary we are seriously concerned that the charging methodology proposed will have a significant 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

Charles Williams
Business Development Director