



Andrew Truswell
Electricity Charging & Access Development
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Dear Andrew,

Consultation: GB ECM 08 development of offshore charging

The final proposal for offshore charging is not supported by EDF Energy. We believe the locational charge is not cost reflective: it ignores the significantly higher cost of offshore platforms, transformers and reactive compensation. With these costs being “socialised” in the residual charge, offshore generators will be subsidised by onshore Users of the system. Under these proposals offshore generators will not be able to choose (should they believe it to be economic) a double circuit connection: as in so doing they will lose the aforementioned benefit of the offshore charging approach.

- Charging should not provide an indirect subsidy to offshore generators;
- Offshore circuits are generation circuits and not shared with other Users;
- Simply applying onshore charging to offshore will not be cost reflective;
- Residual should not socialise the higher costs of offshore transformer platforms.

EDF Energy does not believe using existing onshore arrangements (LV busbar connection boundary) is appropriate for offshore connections.

We hope these comments have been of help, if you have any questions please do not hesitate to ask.

Yours sincerely,

David Scott
Electricity Regulation,
Energy Branch

OUR REASON FOR COMING TO THIS VIEW

1. Charging should not provide an indirect subsidy to offshore generators.

We have consistently stated at the TCMF, CISG and the Ofgem/BERR's offshore policy workshops that offshore generators should be responsible for paying for their connection to the onshore network. It is our belief that any subsidy provided to a class of generation, should be provided in a transparent manner, such as through the Renewables Obligation (RO) and the Transmission Investment for Renewable Generation (TIRG). We note that under the reform of the RO, offshore renewables are to be treated especially favourably – they are to be granted a 1.5 ROC “banding”.

2. Offshore circuits are generation circuits and not shared with other Users.

The key argument for sharing the cost of the transmission network between demand and generation Users is the interconnected nature of the system. It is our view that any presumption on “sharing” the use of an offshore transmission cable is extremely tenuous. The function of the offshore connection is to flow power from the generator to the main interconnected transmission system (MITS) and will not support transfers across transmission boundaries. It cannot be compared to a circuit such as Walpole - Burwell – Pelham, which will support the flow of power across boundaries on the transmission system. To reflect this concept of a shared interconnected system, there exists a 27:73 split between generation and demand in TNUoS tariffs. Conversely the 100% allocation of Connection charges is reflective of the asset being generator circuits.

3. Simply applying onshore charging to offshore will not be cost reflective.

NGET adopts a charging method that tries to reflect the cost of the additional investment in the transmission system and is reflected in the Investment Cost Related Pricing load flow model. The aim of this model is to always reflect the differential between the investment necessitated on the system by the addition of demand or generation at each node. It calculates an MWkm investment required by the addition of generation or demand at a node, only considering the incremental cost of the overhead line (OHL) or equivalent. This locational cost reflectivity does not include non mileage-related costs, such as substations, which are included in the residual. Due to the inherently different capital costs for offshore transformer platforms, (as appose to the costs of an onshore substation), including such assets in the residual is inappropriate.

4. Residual should not be used to socialise the higher costs of offshore transformer platforms.

Onshore charges have a significant residual cost to reflect the cost of substations and to ensure overall cost reflectivity. This charge is smeared across all Users. We have concerns that the proportion of costs that go into the residual for offshore networks will be significantly higher than that onshore. We would want offshore platforms and transformers (non locationally varying costs) to be excluded from the residual and reflected in the locational charge. There may need to be a separate residual charge for offshore connections or a change to the connection boundary.