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Dear Andrew,

**Response to the Consultation Document GB ECM - 08**  
**Modification to the TNUOS Charging Methodology to introduce charging**  
**arrangements associated with Offshore Transmission Networks**

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

The successful development of offshore wind and fulfilling the potential of wave and tidal stream generation is essential if the UK is to meet its targets for renewable energy. As a generator, we wish to see a charging regime that delivers low charges and can be up and running with as little complication and delay as possible. Generators require a regime that will give them access to a market that is consistent and competitive with the rest of the electricity market.

ScottishPower supports the extension of the GB charging methodology offshore and has considered the changes discussed in the consultation document.

**Offshore Connection / Use of System Boundary**

ScottishPower agrees that the offshore ownership boundary should be defined as the offshore substation LV busbar. This treatment is most consistent with the treatment of onshore assets and the principle that circuits greater than 2km in length are treated as infrastructure even if they are not potentially shareable. Treatment of offshore substation assets as infrastructure will also protect the generator from the potential cost of overprovision of connection assets by the OFTO in anticipation of future connections.

**Offshore Circuit Expansion Factors**

ScottishPower agrees that there is currently insufficient data available to set generic offshore circuit expansion factors and that OFTO specific expansion factors based on the

OFTOs firm revenue stream for the “locational” assets should be used. Clear guidelines on the nature of assets to be included in “connection” and “locational” should be issued to OFTOs entering the tender process. Due to the widely differing nature of offshore connections ScottishPower believes that the use of generic offshore expansion factors would weaken cost reflectivity and increase uncertainty in investment appraisal. ScottishPower therefore believes that OFTO specific expansion factors should be part of the enduring offshore charging mechanism.

To ensure consistency with the treatment of onshore generators, reactive compensation equipment installed by the OFTO should be included in the “locational” costs and included in the expansion factor.

### **High Voltage Direct Current (HVDC)**

It is anticipated that HVDC connections will be used for longer offshore connections and potentially for some island connections. ScottishPower agrees that HVDC converter stations are an intrinsic part of the provision of a cable connection and should therefore be treated as “locational” assets and their cost should be included in circuit specific expansion factor for DC circuits.

### **Generation charging zones**

ScottishPower notes the pre-consultation on TNUOS Generation Zoning Criteria (GB-ECM10) and notes that extension of the existing £2/kW zoning criteria will result in each offshore generator qualifying for an individual charging zone.

### **GB SQSS**

ScottishPower supports the introduction of a project specific discount which fully reflects the cost saving arising from any design variation and that reflects the higher risk accepted by the generator from the lower connection security standard. National Grid’s recent decision to re-consult on the design variation discount is a disappointment and has delayed the introduction of a deep and cost reflective discount which would have enabled users to make an informed economic decision on the appropriate level of security for their connection. When such a discount is introduced, it should be equally applicable to offshore connections.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

**James Anderson**  
**Commercial and Regulation**

