

CAP148

Deemed Access Rights for Renewable Generators (“DTEC”)

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CAP148: Proposal

New product, Deemed TEC (“DTEC”), replaces TEC for renewable generators

- DTEC is a contractually firm indefinite access product
- DTEC is provided on a firm date, 3 years after the later of
 - project planning consents obtained
 - date of BCAsubject to local connection being in place and power plant operational
- DTEC does *not* require deep upgrades to be in place
- Conventional generators to be constrained before renewable generators where insufficient transmission capacity
- Constraint payments under TNUoS and not BSUoS, based on compensation for losses

CAP148: CUSC Issues & Defects

- Renewable generation intended as replacement generation. CUSC considers all new generation as incremental
- Wind energy is an intermittent generator operating at average ~35% rated capacity. NGET planning guidelines use 60%. TEC provides 100% rated capacity at all times, resulting in potential over-investment.
- Amendment will achieve faster market penetration by renewable energy, enhancing competition, furthering Ofgem's secondary objective & achievement of Government targets
- Amendment addresses timing mismatch of planning consent validity and connection dates
- Amendment better promotes growth of renewables by utilising the provisions of Article 7, EU Renewables Directive which allow priority access to the grid for electricity produced from renewable energy sources

CAP148: Benefits

- Allows wind developers to proceed through planning as soon as possible, enabling greater certainty of renewable capacity on the system earlier;
- Allows projects with consent to have certainty of access to transmission;
- Substantially reduces the risk of stranded assets;
- Three year window for DTEC availability reduces exposure to constraint costs, giving a balance of risk between new renewable generators and the transmission system;
- Allows supply companies more potential to meet their ROC obligations through purchases in the market rather than through buy-out payments, reducing the cost per MW to the consumer of renewable generation;
- Removes costs for TO's from administering the present grid queue including system re-designs, promoting or demoting connection dates for users, undertaking abortive upgrade design and permitting work etc

CAP148: Costs

Increased near term constraint costs, offset by:

1. Additional long term TNUoS revenues from new generators;
2. Reduced demand for conventional generation as supply companies switch to renewable generation to meet ROC obligations, freeing up additional transmission capacity.
3. Market economics will drive the most expensive conventional generation to go, reducing brown power prices to consumers;
4. Reduced cost per MWh for renewable generation;
5. Available short term capacity in system from non base load generators being off line for market or operational reasons;
6. Reduction in potentially inefficient transmission investment (50% born by the market under CAP131 proposals)

CAP148: Process

1. Working group to be established;
2. Terms of reference to be tightly drawn – important not to have this become a talking shop;
3. Absolute deadline for response and to industry consultation;
4. Ofgem highly likely to need a Regulatory Impact Assessment