

PRE-CONSULTATION DOCUMENT
GB ECM-06

Airtricity Response

The pre-consultation document is valuable in adding more detail to the issues and exploring the potential effects of revised arrangements.

We have the following comments on each of the options together with some general observations.

Option 1 - SQSS Modification

It is difficult to envisage how the TO would be able to conduct a sufficiently robust analysis of the trade-offs between asset investment and potential constraint cost, given the uncertainties which would be inherent in the level and frequency of constraint that might be experienced by a generator over the lifetime of any such arrangement. Since compensation would necessarily need to be based upon a market rate, this would add further uncertainty into the process and leave it open to charges of subjectivity. There is an additional weakness in the process in that the level of constraint is, to a significant degree, influenced by the operation of the total system, which is the responsibility of the SO, not the TO.

Allowing the standard of “firmness” be unilaterally decided by the TO, with no input from the user also appears to be an unacceptable element of the option. For many users, economic compensation may not be an appropriate or adequate substitute for firm access.

Where the proposal may have merit is in the case of transitional arrangements, whereby a user wishing to secure an earlier connection to the system may be prepared to accept compensation in lieu of full firm capacity for a limited period, until the agreed enduring infrastructure (which may still not provide full firm access) is in place. The period over which this may be applicable, the level of compensation and the appropriate incentives on the TO, are all issues for further examination.

Option 2 - Deeper Connection Boundary

We concur with the significant issues associated with this option, identified by National Grid. A move back to a deeper connection boundary would, in our view, represent a retrograde step.

Option 3 - TNUoS Methodology Amendment

The proposed changes to the calculation methodology appear reasonable. However, it is not immediately obvious why an existing generator who has chosen a single circuit connection should be exposed to an increase in charges, which have been triggered by the actions of a third party. Where the existing single circuit capacity is sufficient (due to initial economic sizing considerations) to accommodate additional generation, then this will be “using” the capacity originally provided for connecting the initial generator. Where additional generation requires additional capacity (or a second circuit) then this marginal capacity (and its associated effects and

costs) should be allocated to the additional generation. At the least “a generator choosing a single circuit connection [should not] ~~would~~ be exposed to an unpredictable step increase in charges if future customer connections necessitated the second circuit.” i.e. there would need to be some transitional arrangements and perhaps enduring recognition of the initial connection conditions in the enduring charging arrangements.

General

The work that National Grid has put into addressing this issue is welcome and we look forward to the full consultation and its detailed proposals.