

Tom Ireland
Electricity Charging & Access Development
National Grid Electricity Transmission plc
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13 December 2007

Dear Mr Ireland

Scottish Renewables Response: GB-ECM 09 For the charging arrangements associated with SQSS design variations based on customer requests

Many thanks for the opportunity to respond to the National Grid Electricity Transmission (NGET) on discounts for SQSS design variations.

Scottish Renewables supports the principle of discounts for generators who choose reduced security standards but oppose the actual discount levels being proposed as being too low and not being cost reflective.

Scottish Renewables is the trade body for the industry in Scotland and we have nearly 220 members involved in the renewable energy sector, many of which have a direct interest in electricity network issues. Scottish Renewables also benefits from the support of its Grid & Regulation Work Group, made up from the members of Scottish Renewables.

Needless to say, if you have need for clarification on any of the issues we raise please get in touch.

Scotland, and the development of renewable electricity projects, is key to the delivery of the Renewables Obligation and the UK's commitment to significantly cutting carbon emissions. These projects also have a significant role in the development of Scotland's economy and in particular 'local' or rural economies where otherwise vulnerable communities see an opportunity in renewables to reverse population decline and tackle fuel poverty through its development. Therefore, given the environmental and economic benefits, any identified obstacles to the development of this industry should be tackled quickly and any potential opportunities delivered in a similarly timely manner.



Scottish Renewables recently published a report on grid issues in Scotland called *Making Connections*. *Making Connections*¹ called for new thinking and reform of the way networks are managed. Whilst we are concerned that the CAP process may not be best suited to delivering fundamental reform of transmission access arrangements we do accept that the CAP process is one way to affect that change.

There is a clear and supported case for providing cost reflective discounts for generators using single circuit connections. This has been recognised by Ofgem, NGET and the industry at large.

However, representations from our members indicate that the discounts being proposed by NGET do not lead to cost reflective charges and on that basis we are opposed to the NGET proposals.

Specifically, we feel the following points must be considered by NGET when it and Ofgem arrive at its final conclusions:

- That the discount be tied back to the named circuits in a users BCA/BEGA;
- That there is re-instatement of the substation discount;
- And, that there is a cost reflective circuit discount.

Cost Reflectivity

We note in the final table in Appendix Five that it shows the saving to the TO for an example generator is £4.10/kw, but Grid's proposed discount is £0.55/kW. Scottish Renewables believes that this is inappropriate and on that basis NGET should consider raising the discount.

CAP149

If there is an appropriate discount level set there is an opportunity to tie these proposals with CAP149 (TEClite). CAP149 amends the rights of some generators for firm access to transmission networks but the amendment proposal was not allowed to consider charging methodologies. We believe that the principle of discounts discussed in GB EM 09 provide an opportunity to make a success of both and given the recent Open Letter from Ofgem on Network Governance there is an opportunity for NGET to demonstrate that considerations of charging methodologies and amendments to the CUSC can be joined up.

Summary

CAP149 and its amendment, combined with the TNUoS Charging consultation could make a sizeable difference to a number of renewables generators in Scotland and we would ask NGET to reconsider its proposed discount levels for the charging arrangements associated with SQSS design variations based on customer requests.

¹You can download a copy of *Making Connections* from our website www.scottishrenewables.com.

Scottish Renewables hopes you find the above helpful and look forward to reviewing your conclusions to the consultation.

Yours sincerely

A handwritten signature in black ink, appearing to read "Jason Ormiston". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Jason Ormiston
Chief Executive
Scottish Renewables