



Renewable Energy Systems Limited  
Beaufort Court, Egg Farm Lane, Kings Langley  
Hertfordshire WD4 8LR, United Kingdom  
T +44 (0)1923 299 200 F +44 (0)1923 299 299  
E info@res-group.com www.res-group.com

Mr. Ian Marlee  
OFGEM  
GB Markets  
9 Millbank  
London  
SW1P 3GE

Our Ref: EN01-002927

29 February 2012

Dear Ian,

Re: Response to TCLC Guidance Consultation (Ref 169/11)

Thank you for the opportunity to respond to the proposals set out in the OFGEM Consultation on Guidance on Interpretation of a Transmission Constraint Licence Condition (TCLC) published on 8 December 2011.

RES is one of the world's leading independent renewable energy project developers with operations across Europe, North America and Asia-Pacific. RES has been at the forefront of wind energy development since the 1970s and has developed and/or built more than 5GW of wind energy capacity worldwide, including projects in the UK, Ireland, France, Scandinavia and the United States.

RES has responded separately to the DECC Consultation on the Transmission Constraint Licence Condition (TCLC) (DECC ref: URN 11D/916). This response states that **RES does not support the introduction of a TCLC at the present time** but acknowledges that, should inappropriate market behaviour occur over the coming summer, the need for a TCLC in relation to Circumstance 1 and Circumstance 2 should be reviewed. RES does not consider that Circumstance 3 – excessive arming fees in commercial intertrip agreements should not be subject to the effect of a TCLC. Commercial intertrip agreements are private bilateral arrangements and therefore not appropriate to be the subject of an interventionist measure such as a TCLC.

The following comments and response to the questions posed in the OFGEM TCLC Guidance Consultation (Ref 169/11) should be considered in the overall context of a response that is not supportive of the introduction of a TCLC at the present time.

RES notes the twelve questions posed in the consultation document. Rather than respond to all twelve questions RES would make the following comments which should serve to cover the areas of enquiry.

In terms of the market indicators that may imply uneconomic dispatch and excessive benefit from low or negative bid pricing behaviours, RES would not disagree with the factors proposed in the consultation document. However, RES would note that the economic factors that influence dispatch decisions and bid / offer price bidding can be multifold, complex and specific to the circumstances of the generating station in question at that point in time. For example, in relation to excessive benefit from bid pricing, the influencing factors would relate to the long term costs associated with attrition deriving from extraordinary operation and

the terms of warranties for installed plant. At this stage it is difficult to see how Ofgem could gather sufficient meaningful information in the full range of contributing factors in order to be able form a view of a compelling case for investigation.

If you wish to discuss the points raised in this brief response, please do not hesitate to contact me.

A handwritten signature in black ink, appearing to read 'P. Smart', with a horizontal line underneath.

Patrick Smart  
UK Grid Connections Manager  
E Patrick.Smart@res-ltd.com  
T +44 (0) 191 3000 452