

Joint Ofgem and Department for Business, Enterprise and Regulatory Reform press release

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ENDING GRIDLOCK ON THE GRID

Connecting more renewables to Britain's electricity network

"Delay in linking new wind farms and other forms of clean electricity to the national grid is one of the main obstacles to achieving the UK's renewable energy aims", Energy Minister Malcolm Wicks said today as he launched a joint BERR/Ofgem review of the issue.

The Transmission Access Review will recommend changes to the overall framework that will better deliver the connection of renewable generation, taking into account the potential for reduced carbon emissions, cost to the consumer and the impact on security of supply. The time needed to make the essential investments in infrastructure means that many schemes have projected connection dates years from now.

Energy Minister Malcolm Wicks said:

"There are currently around 12GW of projects seeking connection in Scotland along with many more in other parts of the UK. This is enough capacity to make a significant contribution toward the Government's aspiration of 20% of electricity coming from renewable sources by 2020.

"Getting more green electricity connected to the grid is essential if we are to burn less fossil fuels. This review will help us to ensure that renewable generators can supply more low-carbon electricity as quickly as possible."

The current technical, commercial and regulatory framework for the delivery of new transmission infrastructure will be considered. The review will also look at how the grid is managed to ensure that it remains fit for purpose as the proportion of renewable generation in the system grows.

Ofgem Chief Executive, Alistair Buchanan, said:

"Ofgem has already approved £5 billion investment in Britain's energy transmission networks over the next five years which will help link more renewables to the grid and continue the high performance and reliability of energy transmission. However, extra infrastructure to connect renewables takes time to build and there may be steps we can take now to change existing arrangements which will allow more projects to get connected faster."

The Review will set out proposals for changes to the framework for transmission access to better support the connection of renewable generation to the grid. It will address issues such as:

- o new approaches to sharing transmission capacity between different forms of generation;

- the way in which infrastructure is built and operated; and
- whether the right incentives are in place to encourage the timely connection and disconnection of generating capacity to ensure we maintain our current high level of security of supply.

It will look ahead to 2020 and consider ways to support the delivery of the Government's aspiration of 20% of electricity supplied by renewable generation and any targets that may be agreed at European Union level

The launch of the review is one of the key renewable energy actions of the Energy White Paper which was published in May. A final report on grid connection will be published in May 2008 setting out progress of the review in identifying the need for new legislation and any reforms that may be required.

Notes to editors:

1. The Transmission Access Review can be found on the Business, Enterprise and Regulatory Reform website: www.berr.gov.uk/energy/sources/renewables/policy/transmissionaccess%20review/page40567.html
2. Additional work is already being undertaken to speed up connections for renewable projects:
 - Ofgem has authorised major increases in investment in Britain's electricity networks to connect more renewable generation. In late 2004, Ofgem authorised investment of £560 million to reinforce the high-voltage networks in Scotland and northern England. Scottish Hydro Electric Transmission Ltd (SHETL) and Scottish Power Transmission Ltd (SPTL) identified 10 key upgrade projects. Key among them is the upgrade to the Beaully-Denny line – the spine of Scotland's transmission network - from 132,000 volt to 400,000 volt cabling. In the recently concluded electricity transmission price controls for 2007-2012 Ofgem introduced flexible funding mechanisms called revenue drivers to help accommodate unpredictable volumes of new generation connections. These revenue drivers are of particular benefit in providing funding for connecting new wind plant.
 - Ofgem has approved a modification introducing the ability for existing generators to trade capacity for network connections. This means one party would agree not to use its transmission access and sell it to another generator. This could reduce constraints on the system which may help some renewable generators get connected quicker.

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