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Dear Lesley,

**Derogations to facilitate earlier connection of generation –
proposed interim approach**

BWEA is pleased to respond to your letter on an interim approach to SQSS derogations to facilitate earlier connection. Naturally, BWEA is very supportive of your proposed decision to allow early connection of the first tranche of 450 MW, and we trust that further tranches will progress on the basis of this decision. BWEA has a number of comments on the detail of the letter, as follows:

The decision appears to be consistent with the context under which National Grid's proposals on managing constraint costs have been developed. We attach our response on CAP 170 for your information and we will also forward our response on locational BSUoS when complete. In summary, whilst we accept the need to "manage" constraint costs we have some severe reservations with regard to the speed at which these proposals are being progressed.

BWEA has carefully participated in and responded to the Transmission Access Review (TAR) proposals and we find it difficult to understand why substantively different proposals are being rushed through at the end of this process to be implemented before TAR. The potential for piecemeal and ongoing alterations to (in the first instance, but not limited to) Scottish generators' costs is a real cause for concern. As you know, one of our membership's key requirements is reasonable predictability of costs, and we seem to be moving further away from this with some of the interim proposals.

It is disappointing that the planned cost benefit analysis for this first tranche has not been published. It is an essential contribution to the debate, even if Ofgem has taken a rather different stance on the issue. Our understanding was that a cost benefit case would have been positive for the first tranche. Therefore, we are concerned that Ofgem has not pursued the cost benefit analysis approach because the outcome would have detracted from the immediate pressure for, and acceptance of, locational BSUoS. These are separate and distinct issues, and BWEA does not accept that queue advancement should be used as "leverage" to further initiatives which should be properly considered.

For the avoidance of doubt, BWEA is supportive of the TAR discussions that have sought to find a robust solution to apportioning constraint costs for an enduring Connect and Manage regime. However, we are talking about a decision on queue advancement of projects, the majority of which will not connect before the TAR proposals are due to be implemented. Some of these generators also already qualify for Ofgem's original Cheviot derogation. Therefore, linking the need for immediate implementation of locational BSUoS and CAP 170 to a decision on interim queue advancement and the implications for an extended derogation for a proportion of the 450 MW is erroneous and unacceptable.

I hope you find these comments useful. If you would like to discuss any aspect of this response, please don't hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

Dr Gordon Edge, Director of Economics & Markets, BWEA