



Stuart Cook  
Director, Transmission  
Ofgem  
9 Millbank  
London  
SW1P 3GE

16<sup>th</sup> April 2009

Dear Mr Cook,

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

InterGen welcomes this opportunity to comment on your letter of 19<sup>th</sup> March 2009 with reference to the above. InterGen is the largest independent gas fired generator in the UK and has developed one third of the UK's new installed gas-fired electricity generating capacity in the last ten years, investing £1.4 billion.

InterGen is committed to the UK and is seeking to build on its investment as evidenced by our recent planning application submission for the Spalding Energy Expansion (a 900MW Combined Cycle Gas-Fired Power Station in Lincolnshire). We have been following the developments of TAR closely over the last year and have submitted our views where appropriate. We are encouraged that Ofgem, National Grid and DECC are continuing to review existing connection arrangements prior to the introduction of a new enduring access regime.

InterGen appreciates that a large amount of renewable generation will need to be commissioned to meet the UK's 2020 obligation. However, there is also a recognised demand for new flexible thermal generation in the UK to bridge the forecast supply gap during the next decade as emissions limits are tightened and ageing plant is retired (DECC Energy Markets Outlook Dec 2008) and to support the increased generation variability from renewable generation (in particular wind). InterGen therefore believes it is vitally important that current transmission system limitations do not jeopardise the willingness and ability of investors to address that supply gap.

InterGen continues to actively support the CAP 150: Capacity Reductions amendment, and have been pleased to see this working in practice with regards to the advancement of the connection dates of 450MW of renewable generation in Scotland. This progress has successfully begun to

address the dual policy aims of delivering security of supply and delivering a low carbon future into the next decade. We believe that in addition to the current 'BETTA derogation' the principle of over-selling needs to be extended GB-wide to avoid undue discrimination and to support these policy aims.

InterGen recognises Ofgem's concerns regarding increased constraint costs behind derogated boundaries. However, we believe that on balance the risk of increased constraint costs is outweighed by the urgent need to encourage investment in flexible low-carbon generation. Implementation of the principle of over-selling will assist with renewable roll-out timing which has historically been grid constrained. Moreover, extending the derogation principle GB-wide will allow flexible, thermal generation to connect to the grid at the earliest possible date. Early deployment of new thermal generation is necessary not only to replace LCPD related and nuclear retirements, but also to support renewable deployment with additional flexible generation.

In conclusion, InterGen strongly supports Ofgem's "minded to" position to grant derogations enabling NGET, SPTL and SHETL to facilitate the earlier connection of generation to the transmission and distribution systems, where generation is potentially able to connect in advance of the reinforcements required to ensure compliance with the current GB SQSS. This change will create a non-discriminatory environment which will facilitate accelerated connection of substantial planned generation in GB which is currently constrained in the queue, essential to the critical issue of supply and at the same time supporting renewable deployment targets.

Yours sincerely,



Andy Taylor  
Commercial Director, InterGen  
intergeninfo@intergen.com