



Lesley Nugent
The Office of Gas and Electricity Markets (the 'Authority')
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16th April 2009

Dear Lesley

Re: Derogations to facilitate earlier connection of generation – proposed interim approach

We refer to the Authority's letter to interested parties dated 19 March 2009 regarding its proposed interim approach to derogations to facilitate earlier connection of generation.

Novera Energy plc is a leading independent renewable energy company, with a portfolio of landfill gas, hydro and wind assets. The Company has 148MW of renewable power generation capacity at 58 sites across the UK. Novera's development focus is on wind power and the Company already has a strong pipeline of projects at various stages of development including two consented sites with a combined potential of 77MW and a further seven sites in planning.

In this context, the Company welcomes the opportunity to comment on the Authority's proposals to facilitate earlier connection of generation.

Novera fully supports the Authority's position that it is minded to extend the principle of overselling by permitting further derogations from the minimum standards in the GB Security and Quality of Supply Standards (**GB SQSS**).

Novera also strongly encourages the application of this approach to the 450MW of renewable energy generation in Scotland which the transmission companies have identified as being capable of advancement (the **450MWs**). This would unlock a significant amount of renewable generation, constituting an important contribution to the 2010 and 2015 national renewable energy targets.

Novera also supports the rationale for allowing new generation to benefit from the BETTA derogation by extending the principle of over-selling. This is necessary both to promote competition and to further the principles of sustainable development. On that basis, we would urge the Authority to confirm its decision, both in relation to the 450MWs and in relation to derogations in comparable situations, where

generators are seeking connection to the transmission or distribution systems but are delayed by the need to reinforce the wider transmission system.

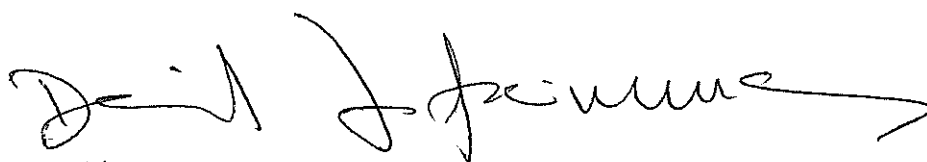
Novera also supports the Authority's assessment that the question of granting a derogation should be considered separately from, and should not be dependent on, the question of how best to manage and to recover the costs of constraints equitably from customers, suppliers and generators. It is essential however that consideration is given to the possible implications of the outcome of this consultation for generation that connects under the extended derogation but before the conclusion of this review. **A lack of visibility regarding future costs may perpetuate project delays**, negating any positive impact of a derogation granted by the Authority and the contribution towards nation targets.

Similarly, if the Authority confirms its 'minded to' decision with respect to derogations (including in relation to the 450MW), the conditions and duration of the derogation need to be carefully considered so as to provide **certainty** to generators that are able to connect as a result of the derogation. Whilst recognising the importance of the enduring grid access arrangements, in the current economic climate, investors and funders alike are demanding certainty. Allowing access now with no certainty as to whether it may be taken away after for example one or two years will likely to jeopardise the timely delivery of national targets.

We hope you find our response helpful and would like to thank the Authority and the transmission licensees for setting an ambitious time-table for the conclusion of these issues.

Please do not hesitate to contact me to discuss any of these important issues in more detail.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Fitzsimmons', with a long horizontal flourish extending to the right.

David Fitzsimmons

Chief Executive Officer