



Mr Stuart Cook  
Project Transmit  
The Office of Gas and Electricity Markets  
[Project.Transmit@ofgem.gov.uk](mailto:Project.Transmit@ofgem.gov.uk)

November 15<sup>th</sup> 2010

Dear Mr Cook,

Lewis Wind Power (“**LWP**”) welcomes this independent review of transmission charging and associated connection arrangements. LWP was established to develop a wind farm on the Isle of Lewis and therefore in our response to Ofgem’s call for evidence we make no comment on the gas connection and charging arrangements.

The UK has challenging legal obligations in respect of carbon and renewable energy targets and to achieve these targets the electricity industry faces an unprecedented challenge to decarbonise. LWP fully supports the aims of Project Transmit as we believe that the appropriate connection and charging arrangements will be instrumental in facilitating GB targets. Indeed, this has been borne out in the recent decision from Government to implement a Connect & Manage regime for transmission access; arrangements which we fully support.

As the developer of an island wind farm we believe that the transmission charging arrangements for islands must be included in the scope of Project Transmit. We would welcome clarification on island transmission charges as they are a fundamental consideration for a developer. However, we believe that the arrangements must be considered holistically and not on an incremental piecemeal approach as this provides investors with greater certainty. It is important that all generation technologies and locations are considered to ensure that arrangements will facilitate the right generation mix to meet UK carbon targets in the long term.

It is likely that island wind projects could deliver power and consequential carbon savings for the UK at lower costs than offshore wind. In some circumstances it is reasonable to suppose that it is more efficient for both generation and transmission investors to develop island projects ahead of offshore and we question whether the current policy instruments are appropriate in this context. However, irrespective of this it is clear that a holistic approach to transmission charging arrangements is also critical.

We note the recent Government statement in respect of Section 185 of the Energy Act 2004. Any use of Section 185 would clearly benefit island developers and provide greater certainty for their investments, we therefore would hope that Project Transmit could incorporate this work and potentially accelerate any Government conclusions.

We believe that there are other aspects of the existing transmission charging arrangements which might be reasonably reviewed. This includes the proportion of costs which is directly levied to demand as there are clear local social and economic benefits to the development of island wind and the wider achievement of UK renewable energy targets. Therefore, considering a regime where generators make a lower or net zero contribution to transmission charges should be incorporated into Project Transmit.



Finally we wish to highlight that we believe that targets for renewable and low carbon generation should be achieved at lowest cost to UK plc and the consumer. In this respect we believe that locational price signals to generators are appropriate. If generators are exposed to the costs of their impact on the overall transmission system build this will contribute to ensuring network costs to consumers are optimal. Notwithstanding these principles we would hope that Project TransmiT will review holistically whether the current magnitude of transmission charges is preventing targets from being met and consider if the current differentials in transmission charging remain reasonable. Alongside a review of the demand proportion of transmission charges is might also be appropriate to look at the use of maximum and minimum payments made by a generator.

Yours sincerely,

John Cockin  
Renewables Director, EDF Energy, on behalf of Lewis Wind Power

Lewis Wind Power is a joint venture between AMEC plc and EDF Energy plc