

Director and Secretary
N Grant

Westminster Tower
3 Albert Embankment
London SE1 7SL
Telephone
020 7793 3039
Facsimile
020 7793 3003
E-mail
btda@beama.org.uk
<http://www.btda.org.uk>

Transmission Investment & Renewable Generation

BEAMA Transmission & Distribution Association (BTDA) is the Trade Association representing principal suppliers to the GB's Electricity Transmission and Distribution sectors.

BTDA is very interested in the issues raised in the consultation document and welcomes the opportunity to express our views.

BTDA is pleased to offer the following comments on the Ofgem Consultation document regarding price controls and Transmission Investment and Renewable Generation.

Principles Appropriate When Recovering Costs

In order for the ambitious targets, which have been set, to be achieved it is important that:

- The overall financial returns to investors in renewable projects are seen as attractive
- The Transmission Network Operators must be able to see a return on infrastructure investments that are specifically required to accommodate additional renewable generation
- In order for delays to be a minimum there must be an element of risk taking, otherwise network strengthening will always be running behind and delaying generation projects.
- The concept of "deep connection charges" is not appropriate

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Investment Forecasts of the Transmission Network Operators

The TO's have our full confidence in being able to accurately forecast the required financial investments for the different scenarios of renewable generation required. The assessment of potential connection opportunities also seems to be supported by current activities.

A range of other issues are also relevant to this question regarding the programme for implementation of the strengthened infrastructure, some of which could obviously impact on the investment forecasts and if some of the potential delays to the investment programme combine the impact on the overall programme could be significant.

Some of the potential areas for delay could be:

- Due to the particular areas where infrastructure is required, will environmental concerns lead to delays?
- Will environmental issues lead to increased investment (more expensive solutions) so that progress is not impeded?
- Are some technical issues still to be addressed that might lead to delays or increased technical complexity and cost e.g. network stability?
- With a substantially increased level of investment it may be that particular resources and skills required for the infrastructure development become critical.
- Agreement on any changes to Grid Codes required to accommodate renewables.

Potential Approaches to Adjusting Price Controls.

- Relying on existing price controls is not appropriate as this would inevitably lead to a failure to achieve the renewable targets. The TO's would have no incentives and therefore investor confidence would disappear, quickly disabling the entire initiative.
- A complete re-opening of the current price controls would also tend to delay the process leading to uncertainties.
- As one of the most important requirements is a rapid programme of infrastructure development, it seems that the option of a simple additional price control mechanism is appropriate and should be implemented quickly.