Tracey Hunt
Competition & Trading Arrangements
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE
tracey.hunt@ofgem.gov.uk

6th Floor
30 Millbank
London
SW1P 4RD
Tel: 020 7963 5852
Fax: 020 7963 5921
www.r-p-a.org.uk

by e-mail 17th November 2003

Transmission investment and renewable generation.

Ofgem consultation October 2003

Introduction

The Renewable Power Association is a trade association representing producers of renewable energy. It is pan-technology – its members are involved in all forms of renewable energy, including biomass, wind energy, solar, biogas, energy-from-waste, landfill gas, hydropower, wave, tidal stream and sewage gas.

General comments

The RPA agrees that the level of investment in transmission infrastructure could not have been anticipated with the current price controls for the transmission companies were set.

The RPA agrees with Ofgem that action should be taken to avoid a potential hiatus in investment in transmission infrastructure. This should be avoided, both because it may delay directly-connected renewable generation projects and because it would have a knock-on affect on projects connected to the distribution networks.

As the transmission companies cannot move to deep connection as a means of collecting money outside the main revenue limit to fund any unforeseen investment, something needs to be done.

Proposed options

Of the three options given for dealing with the unanticipated transmission expenditures, the RPA believes that the proposed "additional mechanism" is the most appropriate approach. Reliance on existing mechanisms is likely to cause an unwanted slowing in deployment of renewables, whilst opening the current review would be too time consuming and therefore expensive for all parties involved and would risk undermining the price control method of regulation.

The RPA favours a "quick fix" arrangement and is certainly not in favour of an approach analogous to National Grid Transco's capacity auctions for gas.

In any case, the amount of under-recovery is lower if price control periods are not rolled forward. Therefore leaving the timings of the reviews as they are is preferable to extending them.