

Our Ref: DSCT/RS BRL/KnowledgeCentre  
Your Ref:

24 August 2021

P Cassels  
Head of Electricity  
Network Access  
Ofgem  
London

**SENT BY EMAIL**  
futurechargingandaccess@ofgem.gov.uk

Dear Patrick

## **ACCESS AND FORWARD-LOOKING CHARGES SIGNIFICANT CODE REVIEW: CONSULTATION ON MINDED POSITIONS**

Thank you for the opportunity to comment on your SCR minded to position.

***Question 3a: Do you agree with our proposals to remove the contribution to reinforcement for demand connections and reduce it for generation? Do you think there are any arguments for going further for generation under the current DUoS arrangements? Please explain why.***

No, we suggest the same approach for both demand and generation. We suggest a reduced contribution to reinforcement for both demand and generation. In our view these charges should be consistent for demand and generation and a reduced contribution shows commitment to a connection from a developer.

***Question 3b: What evidence do you have on the effectiveness of the current connection charging arrangements in being able to send a signal to users and what do you think will be the effect of our proposed changes? How does this vary between demand and generation connections?***

As a Renewables developer we have always had to look for suitable, affordable grid connections for onshore wind farms and solar parks. A number of our projects have not gone ahead due to this not being achievable.

***Question 3c: What are your views on the effectiveness of the current arrangements in facilitating the efficient development and investment in distribution networks? How might this change under our proposals where network companies are required to fund more of this work?***

The current arrangements ensure that distribution networks are only extended or reinforced for real projects, ensuring efficient investment. This can mean that reinforcements and some extensions take time to deliver and can delay some projects.

***Question 3g: What are your views on the likelihood of inefficient investment under our proposals (e.g., an increase in project cancellations after some investment has been made)? What are the arguments for and against further considering introducing liabilities and securities to mitigate this risk?***



The proposals will increase inefficient investment but may be worth it to increase the pace towards net zero. Liabilities and Securities take a lot of effort and administration to manage. In our view payment for extension work at the same voltage level (reduced contribution) minimises the likelihood in inefficient investment. This is also the reason why this reduced contribution should also be applied to demand.

***Question 3h: What are your views on whether the interactions between our connection reforms and the ECCRs must be resolved before we are able to implement our proposed reforms? How do you factor in the effects of the ECCRs (if at all) into decision making, given the levels of uncertainty around subsequent connectee(s)? What suggestions do you have to make our policy and the ECCRs work together most efficiently?***

It looks like the relationship with ECCRs needs to be considered. In our view a method should be found to ensure that refunds to connectees that could have been expected under the ECCRs are honoured.

***Question 4a: Do you agree with our proposal to introduce better defined non-firm access choices at distribution? Do you have comments on their proposed design?***

Yes ideally, we would like to see financially firm access at distribution connected generation if it is going to be asked to pay for the transmission network via TNUoS. We regularly ask DNOs we are in contact with to look to update connection T&Cs in line with DSO and increasing flexibility on the network but continue to be sent offers on the basis of “national connection conditions”. Please see an example of a queries on one connection offer we have raised below.

1. Your quote includes the statement “we may curtail the actual export and / or import, as appropriate, at any time in order to ensure the safe and efficient operation of the Distribution system”. We are not comfortable with this very broad statement, curtailment of generation is a service provided for a price to network operators (e.g. ODFM), we would not expect to be curtailed except in an emergency or a fault on the single circuit feeding us. Please can you tell us how this is covered by your T&Cs especially as you are now moving towards a DSO model?
2. As per item 6 section 2.3.2A includes a statement on NGET constraints. As per above we are not comfortable with this very broad statement, curtailment of generation is a service provided for a price to network operators (e.g. ODFM), we would not expect to be curtailed except in an emergency or a fault on the single circuit feeding us. Please can you tell us how this is covered by your T&Cs especially as you are now moving towards a DSO model?

***Question 4b: Do you agree with our proposal to introduce new time-profiled access choices at distribution? Do you have any comments on their proposed design?***

Yes.

***Question 4d: Do you have any comment on our proposed choice about how to reflect access rights in charges (i.e., connection and/or distribution use of system charges)?***

Both use of system charges and connection charges should reflect access rights. An opportunity will be missed for additional flexibility if use of system charges are not varied for access.

**Question 4e: Do you have any comment on our proposal to not prioritise the introduction of new transmission access choices as part of this Significant Code Review?**

No.

**Question 4f: Do you have views on how access rights should be standardised across DNOs?**

Yes, DNOs across GB should offer the same or similar products.

**Question 4g: Do you have any views on our proposed timescale of 1 April 2023 implementation?**

Go for it.

**Question 5a: Do you have any evidence that SDG does not contribute to flows in the same way as large generation and, therefore, should not be charged on a consistent basis?**

We developed and constructed and now own and operate 8 distribution connected wind farms in Northern England. It is likely that very little of their generation ever reaches the transmission network, why should they pay for access to the transmission network?

	Max demand	Min demand	Connected generation total	GSP
Hazlehead	310	76	114	Elland
Marr	321	112	80	West Melton
Armistead			48	Hutton
Penny Hill	120	15	58	Thurcroft
Heysham South			292	Heysham
Hook Moor	515	174	91	Skelton Grange
Lambs Hill	387	84	198	Norton
Moor House	387	84	198	Norton

This was not part of the deal when the investment decision was made or when they were built.

**Question 5b: Do you agree with our threshold for applying TNUoS generation charges of 1MW? If not, what would be a better threshold and why?**

No, please see our response to question 5a above. In addition, in our view the current TNUoS regime is not fit for purpose as we strive to meet Scottish and UK Government net zero targets. Please see related documents from SSEN<sup>1</sup> and Scottish Renewables<sup>2</sup>.

**Question 5c: Do you have any evidence that distribution connected generation at a grid supply point has a different impact than directly connected generation?**

See above.

**Question 5d: Do you have a preference for one of our options for addressing the local charging distortion? If so, please indicate which option and provide your views on pros and cons. Are there any options we have missed?**

<sup>1</sup> <https://www.ssen-transmission.co.uk/media/5261/ssen-transmission-tnuos-paper-february-2021.pdf>

<sup>2</sup> <https://www.scottishrenewables.com/publications/861-tnuos-key-points-and-explainer>

The position of generators connecting to a distribution network where their output will regularly flow onto / impact the transmission system should be considered. So future connections of generation in areas of low demand and high generation should be asked to contribute to the transmission costs.

**Question 5e: Do you support our position that we should consider transitional arrangements? If so, do you have a preferred option and evidence to support the benefits or risks associated with each option?**

If you go ahead then yes, grandfathering should apply to avoid major impacts on projects where significant investments of capital have already been made. We support the option that delays implementation until a wider review of TNUoS has been completed.

**Question 5f: Have we identified all the options for administering TNUoS generation charges for SDG? If not, what options have we missed, and why would they be preferable to those we have identified? Can you provide any evidence regarding the implications of the different administrative options for your business?**

Banks Renewables are members of Renewable UK, Scottish Renewables and IREGG, please see their responses for this question.

**Question 5g: Are there any specific issues you think we need to consider, as part of our work on the future role of network charges? Why are these important to consider?**

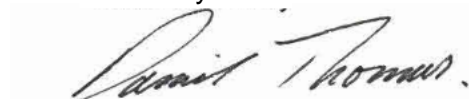
- Supporting achievement of government net zero targets
- Supporting investment in UK generation and networks by reducing charging uncertainty and volatility and minimising changes post major capex investment decisions
- The implications of planning policy on delivery of renewable generation
- Supporting storage development

## **7. General question**

**Question 7: Do you have any other information relevant to the subject matter of this consultation that we should consider in developing our proposals?**

Banks Renewables are members of Renewable UK, Scottish Renewables and IREGG, please see their responses for further detail and for questions we have not covered.

Yours sincerely



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