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21 January 2004

Dear Mr Halldearn,

CONSULTATION ON SMALLER GENERATOR ISSUES UNDER BETTA

I am responding to the third consultation on smaller generation issues under BETTA on behalf of the British Hydropower Association (BHA). The BHA is the trade association for the UK hydropower industry. With over 100 members the Association represents a wide range of interests: consulting engineers, manufacture, design, investment and operation and specialist service providers (e.g. legal firms). The BHA represents a wide range of generators from small generators to the largest UK generator of renewable electricity. Hydropower generates over 40% of the electricity produced in the UK from renewable resources.

The BHA welcomes the opportunity to respond to the consultation document. We are concerned that the smaller generator consultation is taking place when the process of preparation for BETTA has reached an advanced state and consultation on the Energy Bill is under way. We note that consultations on the Connection and Use of System Code (CUSC), the Balancing and Settlement Code (BSC) and the Grid Code under BETTA are in progress and Ofgem/DTI intend to issue a conclusions document on these issues next month. We are concerned that the interests of smaller generators appear to be sidelined with potentially detrimental impacts on renewable generation.

Non-discriminatory market access

Although the consultation notes that it is important that the new arrangements promote a competitive wholesale market by providing non-discriminatory access to the market for all generators, including small generators, in the Great Britain market. We believe that the cost differences that will be borne by generators connected at 132kV in Scotland compared to those connected at 132kV in England-Wales has been underestimated and will not be fair and equitable because a class of generators in Scotland will be exposed to charges while similar generators in England and Wales will not. We are concerned that the Transmission Use of System charging methodology removing all incentives for small generation in Scotland.

Transition arrangements

The BHA agrees that the requirement to hold a generation licence should be harmonised between England and Wales and Scotland. We believe that transitional arrangements should remain in place until distribution in Scotland moves to shallow charging in England and Wales (likely to be after the next price control review) and Scottish transmission network has been up-graded through implementation of the Renewable Electricity Transmission Study (RETS) which will replace long-distance 132kV transmission lines changed to 275kV or 400kV.

Transmission charging

We are concerned that proposals on new transmission charging made by NGC, may impact on the achievement of the Government 's renewable energy objectives because the best resource for hydropower (and wind power) tends to be in areas where the transmission and distribution infrastructure is weak.

Grid connection - status of existing obligations in Scotland

We are concerned about the status of existing grid connection obligations in Scotland. What obligation does the National Grid Company have to meet obligations given to smaller generators by the two Scottish Grid companies now being connected to the grid, or being given grid connection quotations and offers? The absence of clarification on this issue will add uncertainty and financial instability to the market for renewable energy in Scotland.

Small, transmission connected generators and the GB BSC

We believe that the operation of the BSC for England and Wales discriminates against small generators we believe that it is appropriate to require small transmission connected generators to be required to be parties to the GB BSC.

Yours sincerely,

Adrian Abbott

Adrian Abbott
Business Strategy Manager