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**Response to the DTI/Ofgem consultation on Smaller Generator Issues under BETTA**

Environmentally Sustainable Systems Ltd. is an environmental consultancy concerned with resolving potential and actual conflicts between renewable energy, biodiversity and social equity across the UK, but particularly in Scotland. As a member of the Scottish Renewables Forum (SRF) we endorse the SRF response to the DTI/Ofgem consultation on Smaller Generator Issues under BETTA.

While we are broadly supportive of the principles behind the BETTA project, we believe that there are a number of problems with smaller generator connection charges as currently proposed. It is clear that the current proposals will discriminate against small generators in terms of access to the market, especially in Scotland. This is because Ofgem have underestimated the cost differences that will be borne by generators connected at 132kV in Scotland compared to those connected at 132kV in England-Wales. SRF have shown that Ofgem's proposed Transmission Use of System charge rebate of £2/kW is insufficient to compensate smaller generators connected in Scotland. For example, if the "rebate" were enacted as proposed, SRF estimate that an illustrative 50MW renewables site in Northern Scotland would have charges of over £2,000,000 per annum higher than an equivalent development in SW England. Converted back to Net Present Value using an appropriate discount rate, this is equivalent to a £35m or £0.7m/MW difference. Such discrimination would represent prohibitive charges for smaller generators in Scotland, and could severely undermine CO<sup>2</sup> emission reduction and renewables targets at the Scottish, UK, European and Global levels.

We urge you to ensure that use of system charges are equivalent in England-Wales and Scotland, without rebate, since we believe this is the wrong approach. In its place we would, in agreement with SRF, suggest that either locational signals are removed, or that transmission charges are made up of two charges: the GB average transmission charges and a positive or negative multiplier of up to +/- 100%, as proposed by SRF. We also ask that you ensure that smaller generators connected to 132kV in Scotland are automatically exempt from the BSC and the CUSC. Furthermore, transitional arrangements should not remain in place for too long, and certainly not after distribution moves to shallow charging in England and Wales, and/or upgrades to Scottish transmission have occurred so the Scottish 132kV system is ready for reclassification, so compensation for discriminatory charges will no longer be required. Finally, once generators have been given grid connection quotations and offers, there is a need for a mechanism to ensure that these obligations will be taken on by NGC.

Yours sincerely

Paul Gill  
Principal & Director