



Date: 14nd June 2004

Mr Jonas Törnquist
Head of Electricity Transmission Policy
Networks Division
Ofgem
9, Millbank,
London
SW1P 3GE

For the attention of: **Mr Jonas Törnquist**

**Re: Transmission Investment for Renewable Generation
Second Consultation May 2004 98/04**

Dear Mr Törnquist

Please find enclosed the views of ABB on the "Transmission Investment for Renewable Generation" Consultation May 2004 98/04.

Should you require any clarification on these views please contact me in the first instance on tel 01925 741448.

ABB will follow with interest the developments in this area.

Yours sincerely

Ian Funnell
Sales & Marketing Manager.
ABB Ltd

ABB Limited



Renewable Generation Network Investment

Current and projected increases in renewable generation will require investment in electricity transmission networks which has not been allowed for under the current price control review for the three transmission companies in GB – National Grid Company (NGC), Scottish Power Transmission Limited (SPTL) and Scottish Hydro Electricity Transmission Limited (SHETL).

ABB welcomes the development of an adjustment mechanism to supplement the existing price control arrangements, which will not be reviewed until 2007/8.

ABB has observed that one of the major factors in the successful execution of large transmission projects to time and budget is the adequacy and clarity of the project funding mechanisms. The clear definition of this adjustment mechanism will typically allow financial and engineering models to be constructed well in advance of the project ensuring that only the optimum solutions are considered for the full and final engineering designs.

This clarity will also help provide an increased level of confidence to the supplier base, ensuring that long term material and resource capacity planning can be in place to meet the forecast investments.

ABB would welcome the implementation of an additional funding mechanism to facilitate this advanced design, modelling and planning of major transmission upgrades which can take many years to project completion.

Renewable Generation Information

views requested on:-

- **what are the best approaches and sources of information on the likely level and pattern of renewable generation in Scotland.**

It is vital that a highly visible and representative record of the emerging renewable patterns in Scotland are made available to all interested parties in a concise geographically presented manor, possibly using the internet as an efficient distribution medium.



Sources of such non-attributable information could be:-

- forecasts made by licensees
- plans of renewable generation developers
- applications for network connections
- offers of network connections
- plant that is under construction

This approach would provide confidence to suppliers and developers that initial investments in pre contract time and project development costs were being made against a clear and consistent view of the renewable generation status in Scotland.

It is the view of ABB that this publicly available non-attributable information would expedite the initiation and construction of both renewable development programs and the subsequent transmission network reinforcements.

Efficient Network Investment

views requested on:-

- **assessing whether transmission upgrades are economic on the basis of assessing the expected difference in the annual costs of constraints that are likely to occur with and without the network upgrade (assuming broadly cost reflective transmission charging) against the annual cost of financing and maintaining the transmission system upgrades**

Suppliers have extensive experience in the efficient deployment of transmission plant to achieve reliable cost effective network upgrades. Whole life costing of such projects is an integral part of this process. ABB would welcome the opportunity to help benchmark, proposed upgrade solutions against systems supplied elsewhere in the world. This approach would improve the confidence that solutions proposed for construction were both technically optimised and cost efficient.