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09 August 2004

David Halldearn,
Director, Scotland and Europe
Ofgem,
9 Millbank
London
SW1P 3GE

Dear David,

The initial allocation of GB Transmission Access Rights under BETTA.

We welcome the opportunity to respond to the recent consultation on GB Access rights. Airtricity is an integrated renewable energy company with extensive development interests across the UK, Ireland and most recently the U.S. To date, we have successfully developed five wind farms, including a 24MW wind farm in Scotland, on a merchant plant basis.

Our experience in renewable generation projects suggests that clear policy in relation to grid connection and access rights is a critical criteria for the successful financing of new renewable plant. **Overall, we welcome the proposals outlined in this consultation which appear to address the major concerns expressed by existing and prospective applicants with regard to the status of access rights in the transitional period prior to BETTA Go-Live.**

However, we consider that the longer-term issue of access rights for new renewable generation within the context of the enduring arrangements needs further analysis and discussion in order to arrive at a long-term solution which will:

- Ensure that rules for access to the transmission system are designed to transfer energy from generation to demand as efficiently as possible.
- Maximise the sensible deployment of renewable energy across the system

A number of issues are relevant to this, including the suitability of an “invest-then-use” policy, the likely operating mix of generation in constrained areas over the medium-to-longer term, the impact of generation connected at distribution level etc. We note that the BWEA/SRF have made representations on this issue and we support these comments in this regard.

On the latter issue relating to access for distribution-connected wind farms, we note that Ofgem is currently consulting on the Treatment of Embedded Export Large Plant under BETTA. We are in the process of examining the issues raised in this separate consultation and intend to consider some of the issues highlighted in the recent discussions on Access Rights within this context. One particular area of concern is the lack of clarity in relation to those large embedded generators, which will have connection agreements in place with the Distribution System Operator, and which may require access to the transmission system from time to time. We consider that the access proposals outlined in the Ofgem proposals should equally apply to large embedded plant where appropriate (particularly in light of the

fact that output from these plant is included in any load flow modelling informing this debate), subject to the provisions of any agreements entered into with the relevant System Operators at Distribution and/or Transmission level as required.

Ofgem Proposal

In our previous response to the NGC consultation document of 26th May on this issue, we examined the various options listed with regard to:

- Continuity of Existing Arrangements
- Policy Environment
- Constraint Costs
- Complexity

We are of the opinion that given the requirement to implement transitional procedures within a relatively short time-frame, a variant of Option 2/3 in the NGC consultation, i.e. with the application of an appropriate cut-off date, is the most desired option.

On the basis that parties have to date formulated development plans in accordance with the application guidelines which have hitherto applied, we did not support the retrospective alteration of access rights as envisaged under an early “cut-off date” scenario. **We therefore welcome Ofgem’s proposed “cut-off dates” and consider that extending the transitional arrangements as far as possible to the BETTA Go-Live date acknowledges those developers who are currently progressing development projects under the current arrangements.**

We would expect that any offers issued by NGC would be in line with offers which have already been issued, or are in process, by the relevant Scottish System Operators. We consider that this is in line with the rationale that total demand for access rights is driven by decisions which have already been made, and therefore any NGC offers should accordingly reflect this.

Alternative Option for Enduring Arrangements

A number of parties, Airtricity included, have indicated their support for an alternative approach towards allocation of access rights across the transmission system, whereby applicants are provided with firm access within a specified period of time. Under this proposal, offers for connection to the transmission system would be made on the condition that firm access rights will be available to the generator from a certain date.

Our experience to date has demonstrated that clarity on rules for access to the system is critical for enabling financial and associated construction timelines to be put in place. Given the expected increase in constraints in the post-BETTA environment, and given the number of unknown factors which will contribute to these constraints as mentioned in NGC’s technical report, we consider that the alternative approach above is a practical method by which a greater degree of certainty is provided to the developer, and critically to project financiers. Furthermore, this provides a timeline for the GBSO within which reinforcements can be carried out, while at the same time accommodating the dynamic nature of the transmission system as system conditions may dictate that access is available to the project earlier than previously envisaged.

The details of this approach has been outlined in previous submissions to Ofgem and NGC, and Airtricity would welcome the opportunity to discuss and consider further how this option may be

deployed in such a way to ensure an efficient and safe transmission system, whilst enabling the increased deployment of new generation in the overall generation mix.

Please do not hesitate to contact me should you require clarification of any of the issues raised above,

Yours sincerely,

Audrey Fogarty
Trading Development Manager