THE BRITISH WIND ENERGY ASSOCIATION

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Dear Jonas,

BWEA Reponse: Transmission Investment for Renewable Generation – Initial Proposals

BWEA was established in 1978 and is the representative body for companies active in the UK wind energy market. Its membership has grown rapidly in recent years and now consists of over 330 companies including all grid-connected wind energy and every company with a lease to develop offshore.

Wind energy is widely recognized as an abundant energy resource indigenous to the UK. Most commentators accept that wind is likely to represent at the very least half of the Government's '10% by 2010' target because of the maturity and low cost of wind powered generation relative to other forms of renewable electricity generation technologies. Continued growth of installed wind energy generation capacity beyond this 10% 2010 baseline is almost guaranteed.

BWEA welcomes the opportunity to respond to this consultation. As the consultation paper recognises there has been an increase in applications for connections by renewable generation much of this in Scotland. It is timely and welcome that consideration is being given to the practicalities of developing the transmission network to accommodate this.

Baseline Investment

BWEA welcomes the proposal for treatment of baseline investment and is pleased to note that the Beauly-Denny reinforcement proposal and Sloy area reinforcement project should be treated as baseline investment.

Incremental Investment

BWEA welcomes the proposal that projects classified as incremental investment should be allowed funding for the initial development and pre-construction work costs. However, BWEA is concerned that avoided constraint costs appears to be the criteria against which projects are classified. There may be other sound reasons for progressing with particular network reinforcement.

For example, it is suggested that a project may be treated as incremental investment if it will become economic on completion of another project. In these circumstances it may be better to treat the combined proposals as a single project to avoid unnecessary delays in building the two projects sequentially.

Similarly, it may be more efficient to progress several related projects together to avoid multiple planning applications and to gain economies of scale in the project costs. Two separate schemes may demonstrate synergies that merit a combined build even if an individual element of the proposal doesn't individually pass the avoided constraints test.

BWEA considers it essential that the regulatory regime should demonstrate enough flexibility such that schemes can rapidly be moved from an incremental investment classification to a baseline investment classification when appropriate.

Additional Investment

BWEA has additional concerns over the treatment of this classification.

The first of these is the use of avoided constraints as a primary measure. It is not clear that this is a relevant measure when considering proposals to create new radial circuits such as connections to island communities.

BWEA is also concerned at suggestions that such projects should involve a requirement to enter into longer term access arrangements. This would effectively re-introduce deep connection charges and would result in differential treatment of island and mainland communities. In addition it would require the localised introduction of longer term access arrangements in advance of any wider review of access arrangements across GB.

BWEA supports the suggestion that additional investment projects could involve the use of a revenue driver.

BWEA does, however, ask Ofgem for confirmation that the two measures discussed (deep connection and revenue drivers) are not an exclusive list of potential regulatory approaches.

Capacity Credit

BWEA notes that the classification of projects is highly dependent on the assumed capacity credit allocated to wind generation. The SKM report assumes a capacity credit of 20%. However we believe that a decision of an appropriate capacity credit requires more thorough consideration.

One reference quoted by SKM concludes that (in Europe) capacity credit falls to below 15% *for high wind penetrations.* We would note that international comparisons must be made with great care, simply because wind speeds (which determine capacity factors) and wind/demand correlations vary considerably. Some American utilities report capacity credits as high as 55%.

The other reference notes that the current review of UK security standards indicate a maximum average capacity contribution of wind of 28%.

We are surprised to note that the SKM report has not considered the recent Carbon Trust report which reviewed previous work on capacity factors. This found very good agreement between CEGB, Ilex and NGT data, giving capacity credits around 33% with 5% wind energy, only falling to 20% with around 15% wind energy.

We would therefore request that both the appropriate capacity credit and the consequent classification of projects be reviewed.

If you have any questions please feel free to contact me at any time.

Yours sincerely,

Richard Ford
Head of Grid and Technical Affairs
British Wind Energy Association