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Dear Mark,

BWEA Response: Structure of electricity distribution charges - Consultation on the longer term charging framework

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 320 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 on the structure of Electricity distribution charges.

Summary

BWEA welcomes the review of distribution network charging and looks forward to contributing to this work. We feel that there has been little consideration of issues posed by intermittent generation and set out a few thoughts



BWEA believes that discussion of charging arrangements should not be undertaken without consideration of the arrangements for access to the system. We have provided some comments on access that we believe to be relevant in this response.

Future development of distribution charging arrangements

BWEA notes that the future development of distribution charging arrangements will be led by the Distribution Network Operators but that the Ofgem conclusions from this current consultation process will set out the longer term principles.

BWEA considers it important that, as far as possible, the DNO development process is managed centrally and collectively. It is important that the future treatment of distribution system users does not vary from network to network to avoid individual users becoming subject to incentives to connect to particular networks based only on discrepancies of the charging arrangements rather than for sound economic or technical reasons.

Invest and Connect and interaction with RPZs

The current principle for providing access to the transmission system has been referred to as an "invest and use" approach. Essentially, users are denied access to the network until any necessary reinforcement has taken place. Once access is provided a generator can expect to generate at full output at any time. BWEA has argued against this approach for the transmission system and believe that the same points apply equally to the provision of access to the distribution system.

BWEA believes that an access model that encourages connection of new generation would be of value. A process of "Connect and Invest" which requires network companies to connect new generation and then reinforces the network if and when required would allow the network company to take informed decisions on network reinforcement.

BWEA believes that the introduction of Regional Power Zones is consistent with this thinking. However, it is not clear from the consultation whether the development of RPZs will affect the charging arrangements for other network users and we believe that this issue should be explored further in the development of new charging arrangements.

Access for intermittent generation

BWEA has recently argued¹ that it would be possible to connect a greater capacity of intermittent generation at any point on the system than despatchable generation. Although there may then be some periods (for example high wind speeds at times of high system demand) where not all connected generation could be accommodated, we believe that these would be few and could be managed through generation constraints.

BWEA proposes that the Use of System charge for such intermittent generation should be proportionately lower than the charge for despatchable generation to maintain the same UoS revenue.

Commodity charge

¹ BWEA response to NGC invitation of views on the treatment of intermittent generation in transmission charging - June 2005

BWEA has argued for an increased proportion of generation TNUoS charges to be applied on a MWh rather than a MW capacity basis. We believe that this also holds for distribution charging and would encourage active consideration of MWh charging in the review of distribution DNUoS charging.

Conclusions

BWEA believes that future work on distribution network charging should take account of the issues raised by the introduction of intermittent generation. We propose that it is possible to connect such generation to the networks in greater volumes than despatchable generation.

We suggest that future Generation Use of System charges contain a MWh element of charges rather than concentrate on MW capacity charges.

We also recommend that consideration be given to the interaction between new charging arrangements and the development of Regional Power Zones.

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

Yours sincerely,

Richard Ford
Head of Grid and Technical Affairs
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