

Attributes of proposed access arrangements – points for discussion

For discussion at Access Review Options Development Group 23 March

Further to the recent discussions at the ARODG, SP Transmission consider that the following attributes of user access should be assessed in relation to the proposed access arrangement straw men in order to build upon the previous debate.

1. Underwriting of deep infrastructure investment by the wider transmission user community is being considered both pre and post generator planning certainty and consequently both pre and post user commitment. Given that this will represent significant levels of expenditure and risk of under-utilisation, ARODG / Ofgem should consider what are appropriate levels of risk to reasonably transfer and how this risk/cost would be transferred to the wider user community. Would Ofgem be satisfied with such an arrangement as an investment signal to the TOs?
2. Given the proposed changes to the levels of users guarantees, the user commitment must be sufficient to be material to the user. This will minimise the risk of user commitment triggering investment that becomes stranded / under-utilised. Also this would protect against material progress of projects that are unlikely to succeed.
3. Any commitment from transmission licensees to connect within a generic pre-defined period, and any associated incentives, should be contingent not only upon Section 37 consents but also completion of way leaves, consents and other factors out with the control of the transmission licensees.
4. Any commitment from transmission licensees to connect within a generic pre-defined period could realistically relate only to:
 - a. Local works that are a new extension to the network; and
 - b. Could not involve works upgrading the existing network (except for cutting in a new connection as in (a); and
 - c. Should be realistically achievable and have a mechanism to deal with unusual cases that may not fall within the generic framework.
 - d. Any incentive mechanism should be symmetrical and should not expose the transmission licensees to energy risk.
5. Access arrangements should define not only the mechanism through which a generator obtains physical connection (CEC) but also the mechanisms through which they obtain TEC products. Indeed, generators would very likely need this degree of certainty to obtain project financing. It seems inherently unreasonable to burden the wider user community with the constraint costs of giving new generators full TEC rights that cannot be serviced due to deep reinforcement requirements. As a consequence there appears considerable logic in developing the range of TEC products to enhance the efficient use of the transmission network, with perhaps greater scope for TEC trading.