

R/22

## GREEN LIGHT FOR SCHEME TO HELP ORKNEY'S RENEWABLE GENERATORS

New renewable generators on the Orkney Islands have been given a major boost after energy regulator Ofgem gave the go-ahead for an innovative project to help them connect to the network.

There are a number of renewable generators already on the Islands and there are plans for further schemes which will supply electricity to the people of Orkney and also export it to the Scottish mainland. The ability of Orkney's electricity network to connect these new generators is currently restricted by the capacity of the two undersea cables to the mainland.

Scottish and Southern Energy (SSE) has now devised a network management scheme that will make better use of the existing infrastructure. It will allow new generators to control their electricity output to match the available capacity of the network in real time. This innovation is particularly helpful to wind and wave generators and will allow more of them to be connected to the network.

Ofgem's Technical Director, John Scott, said: "This is an excellent example of using innovation to help unlock the potential of renewable generation. It is particularly appropriate to see it being used in Orkney which has a wealth of renewable opportunities. The alternative to carrying out this scheme would have been to upgrade Orkney's electricity network and mainland connections, which could potentially cost millions. Ofgem has encouraged network owners to come up with innovative engineering solutions to help connect more renewables and this scheme is an example of what can be achieved."

As part of the distribution companies' price control set by Ofgem for the period between 2005 and 2010, two innovation incentives were introduced. The Orkney project is making use of both of these: the Registered Power Zone incentive, designed to deliver innovation in generator connections; and the Innovation Funding Incentive, which encourages the companies to invest in more general technical research and development. These schemes are designed to ensure that Britain's networks continue to meet the needs of all customers in the future.

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### Notes to Editors:

1. The scheme proposed by Scottish and Southern Energy has been designated by Ofgem as a Registered Power Zone (RPZ). The primary aim of the RPZ incentive is to encourage the Distribution Network Operators (DNOs) to apply technical innovation in the way they connect new generators to their networks. An incentive package of up to £500,000 per year is allowed to each DNO for RPZ projects. The RPZ incentive mechanism combines pass-through and capacity-related elements. The capacity related element allows a DNO to recover £1.5/kW/annum for new generation connections for a 15 year period. This element is increased to £4.5/kW/year in an RPZ for the first 5 years.

2. SSE's scheme could realise a total of 62 megawatts or more of generator connection capacity onto the Orkney network. Of this, 47 megawatts is already contracted and a further 15 megawatts of viable renewable projects could be connected at times of peak demand. The project would be funded through the Innovative Funding Incentive and SSE estimated it will cost around £200,000 to develop.

3. Ofgem is the Office of the Gas and Electricity Markets, which supports the Gas and Electricity Markets Authority, the regulator of the gas and electricity industries in Great Britain. Ofgem's aim is to bring choice and value to all gas and electricity customers by promoting competition and regulating monopolies. The Authority's powers are provided for under the Gas Act 1986, the Electricity Act 1989 and the Utilities Act 2000.

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