

**RES Tec**

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BY EMAIL ONLY

RES response - TCPR updated proposals consultation

Dear Robert

Renewable Energy Systems Group (RES) is one of the leading and broadest based companies in the wind energy industry. Since 1980, RES has played a central role in the development of the wind energy market in the United Kingdom and, more recently, has achieved significant success in the international market. The RES Group has now successfully constructed more than 1,000 MW of wind energy capacity internationally and retains an ownership interest in 15 operating wind energy projects, comprising more than 140 MW of operating assets.

Summary

RES welcomes the opportunity to respond to the updated proposals for the Transmission Price Control Review.

RES is deeply disappointed that, having initiated valuable debate and discussion through the ARODG group, Ofgem has apparently abandoned work on transmission access reform. With the current access arrangements failing to deliver access for new generation projects and government support for access reform to deliver against government policy for renewables, the Transmission Price Control is the ideal opportunity for progress.

RES urges Ofgem to reassess its position and to include options for reform of transmission access arrangements in its final conclusions for the forthcoming transmission price control.

Introduction

Whilst the Transmission Price Control Review has a wide and detailed scope, RES has restricted its comments in this response to the topic of Transmission Access. The current arrangements for transmission access are no longer delivering a service to the current market. Connection dates are being offered which are 15 years or more in the future. It is not appropriate for new generation projects with a nominal 15 year lifetime to be offered connection dates that are later than the anticipated project decommissioning dates. Neither is it appropriate for connection dates to be offered with lead times that are greatly in excess of the validity period of planning consents.

Case Study

As Ofgem is aware, RES has a wind power project at Drummuir in Moray, Scotland which is fully consented and which could be generating in 2008 if transmission access were made available. The connection date currently offered is January 2015 although we have already been warned to expect a delay 3 to 4 years. Even this connection date is uncertain since it is dependent on completion of a number of network reinforcements for which the transmission owners have not yet applied for consents.

It is clear to RES that the current arrangements for provision of transmission access are no longer sufficient and that reform is essential.

Previous Ofgem comments on transmission access

The second TCPR consultation document issued in December 2005 raised the issues associated with “user commitment” approaches. Ofgem’s then current view was that *“options based on user commitment should be the focus of this TPCR, while also seeking to ensure an appropriate allocation of risk between network users, transmission companies and consumers.”*

By the third TCPR consultation document issued in March 2006 these thoughts had developed into the section of the consultation entitled “Transmission Access and Associated incentives” It was noted that Ofgem had *“recently set up an Access Reform Options Development Group (ARODG) to facilitate cross-governance discussion of access related issues.”* Indeed you went further and said *“We are keen to keep the access debate moving and, as such we will seek to give clarity to price control; consequences of different models as they emerge from the process being managed through ARODG.”*

In the Initial proposals document in June 2006, Ofgem noted *“We are pleased with the progress being made through the ARODG process, and will monitor next steps carefully and seek to facilitate further progress where we can... ..As potential options for change are developed and proposed, we will separately ensure that interactions with the TPCR are identified and consulted on.”*

Since then, the ARODG report has assessed the potential for revisions to the access regime and the Government’s energy review has provided further report for access reform with particular mention of the ARODG group and support for a connect and manage approach to transmission access.

Some of the options in the ARODG report could be introduced as modifications to existing industry codes. Others, such as connect and manage would require more fundamental changes (for example to SO and TO incentives) which would be best introduced as part of the transmission price control.

Conclusions

We note that NGET have proposed a CUSC modification to address the issue of final sums securities. This initiative is welcome and RES is pleased to be involved as a member of the assessment group for this modification. However this modification does not address the underlying issues of transmission access and further initiatives to build on the work of ARODG are still essential.

Given the Ofgem comments noted above, RES had expected to see firm commitments for access reform in the September proposals document. Instead Ofgem appears to have abandoned any pretence of engaging in access reform, the only reference being to NGC proposals for CUSC modifications which, as noted above, are related to security for network investment and not to transmission access.

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RES urges Ofgem to reassess its position and to include options for reform of transmission access arrangements in its final conclusions for the forthcoming transmission price control.

Please do not hesitate to contact me if you have any questions.

Yours Sincerely,

Richard Ford
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