

## **RESPONSE TO REVIEW OF STANDARD LICENCE CONDITIONS 14 AND 15 OF THE ELECTRICITY GENERATION LICENCE**

**Ref: 202 / 06**

I understand and welcome the statement in the first paragraph of the Summary that “In conducting this review, we must, amongst other things, have regard to our principal objective to protect consumers, where appropriate by promoting effective competition, and our wider statutory duties.”

Ofgem is uniquely placed to be able to take an overview of the many different aspects of energy generation and supply, and also of the many different types of energy production from increasingly various sources.

It should therefore be best placed, and in fact may be the only body to be able to take an objective view of current and future energy needs and supplies, uniquely standing apart from political, commercial and market influences.

As a consumer, I am anxious that future energy supplies will be secure, reliable, and affordable; not only as a domestic consumer, but also with regard to supplies in the wider community and industry. In these days of computerisation, without a reliable electricity supply in particular, the country would collapse; even slight interruptions to supply over a wide enough area having great affect on hospitals, transport, communications, commercial transactions, and just about every aspect of life.

**I would not like to see Ofgem opt out of responsibility for its ‘enabling’ role. I do not consider that either of the other two options (which are in effect the same in result if either of those approaches were followed) are adequate. I hope that the current approach of considering each application on a case by case basis will be maintained; if necessary, with a no-strings grant of further finance towards the extra work involved as these applications seem to be increasing.**

I am very concerned that many of the current ‘renewable options’ are not only poor value for money, but if adopted to the extent that the government currently envisages, will put our electrical supply at risk.

The Public Accounts Committee in its report last year criticised the amount of RO being devoted to wind; and it is unclear from the DTI consultation on the RO whether the government will reduce its RO rate to wind from 2009 (even if its ‘grandfathering’ proposals for wind farms in existence before then remains in place). This situation is likely to produce an intensified ‘rush to wind’ between now and 2009 /2010, with increasing applications for licences.

It would be unwise for these not to be examined closely at all stages, since the RO subsidy is so large that uneconomic generation is being entered into by some companies interested in a quick profit. The Chief Executive of E-ON said a year ago that ‘if it were not for ROCs, no-one would be building wind turbines’.

A further disadvantage of wind produced electricity is its intermittent and unpredictable nature. On-going Battery storage research was abandoned when RWE took over the company, as they considered the concept to be prohibitively expensive. So wind will always be unreliable.

There are other Renewables coming into the market – such as tidal lagoons which produce constantly and predictably and have a life at least four times as long as a wind turbine; and Catalysts and clean coal technology; also nuclear, which could easily and reliably supply at least 80% of our energy needs.

These options are capable of standing on their own feet in the market place without having to be propped up by hugely expensive subsidies. They would be a much better way to meet our energy needs, and less expensive.

A further disadvantage of wind energy is that most of the production will be in the windy north-west of Scotland, far away from the main centres of consumption. The last figure I heard for loss of electricity in transmission was 26%. As well, there are grid stability problems with the fluctuating nature of wind energy production, as the annual reports of the main company operating the grid in Germany make clear.

Ofgem, standing apart from the concerns of energy producers and from government desires to meet EU imposed 'Kyoto targets' are in a much better position to take a balanced view of the value of applications concerned with compulsory acquisition; such as, for example, whether the energy company will be running a resource for long enough to make it worthwhile; whether the returns of energy will be adequate; and whether extra transmission is really needed, should a constant and predictable source of energy make redundant uneconomic, unreliable and unpredictable sources.

So briefly, in response to Chapter Two:

**Question 1. No, and none that would be any better.**

**Question 2. No. I prefer to maintain the current approach of Ofgem considering each application on a case by case basis.**

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