

Patrick Smart
Electricity Transmission Policy
Ofgem,
9 Millbank
London,
SW1P 3GE

Renewable Energy House
1 Aztec Row, Berners Road
London, N1 0PW, UK

T 020 7689 1960
F 020 7689 1969

Friday 6th May 2005

Dear Patrick,

BWEA Response: Recovering the costs of compensation for temporary physical disconnection (CAP048)

BWEA welcomes the opportunity to respond to this consultation on the costs of compensation under CAP048. This response has been prepared in collaboration with Scottish Renewables.

This response has been prepared on behalf of the wind industry and BWEA members although individual member companies with wider interests may hold a different position on some issues.

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.

Summary

Whilst BWEA welcomes the introduction of compensation payments to generators that are disconnected from the system, we are not convinced that it is necessary for such payments to be passed on to transmission users. In the event that such costs are passed on, then BWEA believes that this could be managed via TNUoS but that it would be inappropriate for such costs to be recovered via BSUoS.

Recovery via BSUoS

BWEA understands that BSUoS charges are generally intended to reflect the short term costs of operating the transmission system, and that those costs are targeted at the those



bodies using the system at the time in which they are incurred. CAP048 allows for compensation for failure of the transmission companies to deliver a firm access to the system, an access which has already been paid for via TNUoS charges. If NGC are allowed to recover the costs of compensation under CAP048, BWEA can see no justification for these charges to be recovered via BSUoS charges.

Recovery via TNUoS

As noted above, the arrangements under CAP048 allow compensation for loss of a service that has already been paid for through TNUoS charges. If recovery of charges is to be allowed then BWEA believes that this should be managed through the TNUoS charging mechanism. However, to do so would be an implicit acceptance that the arrangements to date have not, in fact, provided a firm service. BWEA believes that, in principle, it would be appropriate for NGC to bear the costs of compensation without recovery of these costs from users. This would provide the strongest possible incentive for NGC to minimise any such costs. BWEA notes that the range of potential costs estimated in this consultation document (£50,000 to £100,000 for planned outages) represents less than 1/100 of one percent of annual TNUoS charges.

Attribution of costs between system operator and transmission owners

BWEA has no views on the potential attribution of costs between system operator and transmission owners. Whilst it is clear that NGC as system operator should be responsible for payment of any compensation payments, we believe that any attribution of costs between NGC and transmission owners should be managed under the auspices of the SO/TO code.

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

Yours sincerely,

Richard Ford
Head of Grid and Technical Affairs
British Wind Energy Association