

BWEA

Delivering the UK's wind, wave and tidal energy

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Dear Bob,

***Re: BWEA RESPONSE TO 'CONNECTING THE ISLANDS OF SCOTLAND' –
OFGEM OPEN LETTER 5 JUNE 2007***

Thank you for the opportunity to respond to this Document.

BWEA was established in 1978 and is the representative body for companies active in the UK wind energy market. Its membership has grown rapidly over recent years and now stands at over 325 companies, representing 98.8% of all grid-connected wind energy now installed.

The UK has a rich variety of renewable energy resource, including 40% Europe's wind resource. Wind energy currently supplies approximately half a million homes in the UK. It is important to support and encourage the growth of the sector and associated benefits.

The BWEA supports Ofgem on progressing a regulatory framework for island connections. Renewable energy development is very important to the economy of the Western Isles. Economic and timely grid connection to the mainland can open the way for a revitalisation of the local economy. It is important that some strategic view is taken of the ultimate capacity requirements of grid links to the islands to enable not only wind but marine renewables to connect in the future.

BWEA believe that a competitive approach to the provision of island connections which provides greater scope for innovation both technologically but also innovative routing to speed delivery. We agree that the regime selected should enable wider involvement from other stakeholders.

Of the three options highlighted in the letter, BWEA favour both options b) and c), the merchant and non-exclusive tendering options, so long as the innovation opportunities and wider involvement are not excluded. We believe these options can deliver timely and economic connections, whilst retaining the flexibility of connection point, technical specification, delivery timescales and role of third parties.

We believe there are advantages to competition and choice if both merchant and nonexclusive options are developed together, leaving it open to users in conjunction with transmission operators (TOs) to decide which of the routes they prefer when the full details of the regimes have been establish.

Key uncertainties which preclude a choice between the two regimes at this stage include:

- how grid charge capping under s185 of the Energy Act will apply;
- allocation of losses
- and specifically under option c), the non-exclusive approach:
 - o the relative weighting Ofgem applies to its duties (see below)
 - o the degree of choice and influence a generator will have over the routing, costs, timescales for deliver and design standards of a link;
 - o the extent to which third parties such as development agencies and the Scottish Executive wish to get involved for strategic national and regional reasons;
 - o the compensation arrangements if TO fails to meet minimum performance standards
 - o TNUoS discounts applicable to lower design standard connections
 - o the user commitment model applicable

BWEA believe generators should not be excluded from becoming TOs subject to suitable separation and control arrangements being put in place.

We look forward to the outcome and continuing to work closely with Ofgem and BERR in the future.

Yours sincerely,

G Cooper

Graeme Cooper

Head of Grid, Health & Safety and Technical Affairs, BWEA