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**Transmission Access Review – Interim Report
January 2008**

Dear David,

We welcome the opportunity to respond to the matters raised in this Interim Update. This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Trading GmbH and RWE Innogy.

This Interim Update sets out BERR and Ofgem's initial conclusions on the work undertaken so far under the Transmission Access Review (TAR) and outlines a change of analytical approach for the assessment of access models. In general, we welcome the use of a more systematic and comprehensive methodology, as we believe that the case for fundamental reform of the existing access arrangements still needs to be substantiated.

We agree that the access regime must facilitate connection of generation, to meet renewable energy targets, as well conventional generation to replace closing plant. Our view is that the key to increasing connections is reinforcement of the transmission system as, for instance, those areas that are known to be important locations for renewable generation currently have little transmission infrastructure. It is the lack of transmission infrastructure, rather than restrictions on access to it that creates any perceived barriers. There is already significant funding for investment in the medium term within the current price controls. Changes to the planning and consents system is already underway, as are industry initiatives to address the GB connection queue. Taken together, we believe that these will deliver benefits. Innovative and strategic investment funding may also be beneficial and in our response to the Call for Evidence¹ we set out some examples for how this could be achieved.

In our view, any developments should fit within and be complementary to the existing access framework and there is precedent for this with the proposed regulatory regime for offshore

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¹ Transmission Access Review – A Call for Evidence for a Review of Transmission Access
August 2007

transmission that preserves existing onshore processes, but combines them with arrangements that are specific to offshore generation. Our approach can be characterised as recognising that there are challenges and opportunities associated with connecting renewables in certain geographical areas in Great Britain and that specific arrangements should recognise these. Any access regime should:

- Retain the current the TEC-based access product,
- Minimise connection delays for projects,
- Lead to efficient allocation of existing transmission capacity, and
- Maintain cost-reflective charging for all types of generation and demand on the network.

We would make the following observations on some of the concerns highlighted in the Interim Update:

- We agree that the existing arrangements could be improved to allow more timely connection of renewable generation technologies and also to better reflect the particular operational characteristics of these technologies (principally wind), while preserving cost-reflectivity;
- It is important that the degree to and ways in which capacity is shared are reviewed and other ways of increasing capacity sharing are considered as the volume of low utilisation renewable - particularly wind - generation on the system increases. This is particularly relevant where constraint costs are lower than building new infrastructure. The resolution of constraints arising from increased sharing should be market-based, with the costs reflected back on those users that caused them to be incurred. We would argue that the management of constraints in this context has not been fully developed and welcome the further work to be undertaken;
- The additional reserve required from conventional generators as increased volumes of renewable generation connects needs to be included in the analysis;
- We do not entirely agree with the comments regarding code modification processes and the quality and depth of analysis provided. Whilst certain elements, such as the ability to raise numerous alternative proposals, makes final assessment more complicated, the rigour and depth of analysis reflects the materiality of some code changes to the industry. Indeed, we believe that the TAR process itself may have delayed decisions on certain CUSC amendments that are relevant to the TAR objectives. For instance, CAP148² to introduce connect and manage for renewable generation and CAP149³, which allows existing and future users to connect to the transmission system with restricted access rights, represent an initial step in changing the existing transmission arrangements to support growth in renewable generation;
- Ofgem has written to the transmission licensees to initiate further work on a range of measures, including enhancing system operation by using existing equipment and an examination of fundamental aspects of the GB SQSS to consider whether there is scope for better exploiting existing network capability. It is not clear to us that this will lead to material benefits, although we welcome the work in this area and await the outcome with interest;

Given our position as major generator and developer, we are keen to see transmission access arrangements that are fit for purpose and enable the delivery of new connections for both renewable and conventional generation within acceptable timescales and at costs that are reasonable both for the party seeking connection and for other users. Uncertainty in the regime

² CAP148: Deemed Access Rights to the GB Transmission System for Renewable Generators

³ CAP149: Tec-Lite

going forward together with the potential undermining of existing rights is unhelpful and undermines the investment climate. Clearly this may have an adverse effect on security of supply in general and achievement of Government renewables targets in particular. We are keen to continue to work with BERR and Ofgem to achieve what we strongly believe are shared objectives.

We hope these views are helpful and if you wish to discuss them further please contact me on 01793 893983.

Yours sincerely,

By email, so unsigned

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