

Anthony Mungall,
Ofgem

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Dear Anthony,

Impact assessment: charging arrangements for transmission infrastructure assets local to generation connections

BWEA welcomes the opportunity to respond to this consultation. BWEA was established in 1978 and is the representative body for companies active in the UK wind, wave and tidal stream energy markets. Its membership has grown rapidly over recent years and now stands at 453 companies, representing the vast majority of connected wind capacity owners, and the companies installing and servicing these generators. The UK has a rich variety of renewable energy resources, and the largest wind resource in Europe. Wind energy currently supplies approximately 1.5 million homes in the UK. It is important to support and encourage the growth of the sector and associated benefits.

We would note that there is an exceptional volume of regulatory consultations at this time and thus we have relied heavily here on BWEA's response to the National Grid consultation GB ECM 11. If there are any areas where you feel further input would be helpful, please do not hesitate to contact us.

BWEA would refer Ofgem to BWEA's response to GB ECM 11¹. With regard to the impact assessment we would note the following:

- The impact assessment is lacking in assessment of impacts. We do not believe that the generic Ofgem views expressed against the potential impacts constitute a justifiable and defensible assessment of impacts. To say that the proposals will promote economic efficiency simply by virtue of making some changes to a charge which itself, in its previous form, was argued to be similarly economically efficient, we believe falls short of the standard of assessment that Ofgem regularly requests from the industry.

¹ This response can be found at <http://www.nationalgrid.com/NR/rdonlyres/96F894E4-E2CF-46C7-B41E-8A68030FAF1F/28262/BWEA.pdf>

- For instance, the document omits to mention that original requests for a single circuit discount envisaged a reduction in a user's charge. Many users' charges will increase as a result of these proposals. This is surely a quantifiable impact that Ofgem could have considered. Instead, it is ignored.
- The impact also fails to mention that the regulated regime for offshore transmission has resulted in a very large increase in targeted costs rather than the sharing of asset costs that was originally anticipated, consistent with the (then) treatment of onshore assets.
- These increased costs, and the changes to generator's charges, have significant impacts on our members and we would appreciate acknowledgement of these issues.
- We welcome the work that Ofgem has undertaken in elaborating on and clarifying aspects of the proposals, and raising some useful points about partial redundancy.
- We agree that connection design should be efficient, but it is clear from the work on GB ECM 11 that there are difficulties in crafting TNUoS such that it properly reflects any savings. In that respect we would support work to look at compensation for lost output.
- For some users that are already connected via a design variation, there is a degradation in service which is neither reflected in the TNUoS charge nor compensated via constraint payments. For these users to face an increase in their charges is perverse.
- BWEA notes Ofgem's rationale that the proposals would result in a charge differential for different design variations and hence promote "efficient" design. However, existing users and some well progressed new users have already made these decisions and we cannot therefore understand why there is any pressing need to implement these changes now.
- At least some of our members have concerns about the definition of Main Interconnected Transmission System (MITS) and whether it will give some unintended incentives. We believe that the definition should be tested against a range of generator connection options and refined if necessary.

We hope you find our comments useful.

Yours sincerely,

A handwritten signature in black ink, consisting of several large, overlapping loops and a long horizontal stroke extending to the right.

Dr Gordon Edge
Director of Economics & Markets
BWEA