

INVER FARMERS

Ormsary Estate Office
P.O. Box 7, Lochgilphead
Argyll PA31 8JH

Lesley Nugent
Ofgem
70 Regent Street
Glasgow
G2 2QZ

3rd April 2009

Dear Madam,

Derogations to Facilitate Earlier Connection of Generation – Proposed Interim Approach: Implications for Distributed Generation

I am writing on behalf of Inver Farmers, an imbedded Distributed Generator (DG) in Argyll, in response to the open letter and consultation paper "Derogations to Facilitate Earlier Connection of Generation – Proposed Interim Approach" and the follow up "Implications for Distributed Generation" issued on the 19th and 30th March 2009 respectively. We welcome the opportunity to comment on the "minded to" approach being proposed by Ofgem and the other issues raised.

We agree with Ofgem that the "minded to" approach of granting derogation from the minimum standards in the GB SQSS will definitely assist in advancing the connection dates of those, like us, who are presently queuing to connect cost effective renewable generation projects to the distribution system. This is a very positive step forward in our opinion and would actively support Ofgem's "minded to" approach as a short term solution.

We also note in Rachel Fletcher's subsequent letter of 30th March the particular focus on Distribution Generation. At present the "one size fits all" legislation essentially treats all generators in the same way regardless of size, capacity factor or means of connection (transmission or distribution). This appears nonsensical in our particular case where our proposed loch fed mini hydro scheme on the Isle of Jura with a 50-60% capacity factor is connecting to a branch of the distribution circuit supplying the locality that has no other significant generation on it at present. Even when generating at peak output there would be no direct effect on the transmission system as the local load is consistently ten times greater. Using distribution load merely as intermittent ballast for large scale windfarms connected to the transmission circuit further "downstream" is clearly inappropriate. We believe Ofgem's proposed "unlocking" of the GB SQSS regulations through derogation will allow small scale projects like ours to connect to the distribution network with negligible effect on the transmission system.

It is noted in the letter of the 19th March the difficult balance that Ofgem is trying to strike between the benefits of increased renewable generation and associated reduction in carbon emissions and the detrimental effect of potentially increased constraint costs. It is important to

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understand that in the case of small scale imbedded Distribution Generation that the benefits can go much further. Our proposed scheme will make the island of Jura largely self-sufficient in electricity, lead to at least one full-time job, allow further development and employment, and ensure a revenue income to an extremely fragile economy. The reduction by local base load generation in line losses must also be considered on the positive side of the equation.

With these DG benefits in mind we would resist NGET's proposal for a "locational element" to charges associated with generators accessing the distribution network, as opposed to the transmission network. So long as individual distribution circuits do not become net exporters, we can see no reason to charge DG's any "locational element" for the simple reason that their load is purely local. Surely regulations should be encouraging generation as close to the load as possible and if small scale generation is punished for servicing local loads, regardless of whether or not that local load is in Northern Scotland or South East England, then this would be counter productive.

In summary we support the optimised use of the available physical and natural resources through the principle of "over selling" as a short term solution to facilitate the early connection of generation to the transmission and distribution systems. We do not, however, support any move to introduce any locational element to access charges for small scale Distribution Generators.

I hope that this submission is helpful but please do not hesitate to contact me if you need any further information.

Yours faithfully,



John Lithgow

General Partner
Inver Farmers