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17th August 2010

Dear Nicholas,

Re: Charges for pre-2005 Distributed Generators' use of Distribution Network Operators' (DNOs') distribution systems

Thank you for the opportunity to review and respond to your consultation relating to Charges for pre-2005 Distributed Generators' use of Distribution Network Operators' (DNOs') distribution systems. Fred.Olsen has been involved in wind power since the mid 90's with presence in Norway, Sweden, UK, Ireland and Canada. Fred Olsen Renewables Limited (FORL) has 316MW of operational wind projects, a further 135MW consented in the UK and a further 1.1GW consented in the Irish Sea and application made for a further 1GW extension. This makes FORL a significant independent generator in the wind energy sector. In addition, FORL are British Wind Energy Association (rebranded RenewableUK), Scottish Renewable Forum, Irish Wind Energy Association and National Offshore Wind Ireland members and are active on a number of the industry groups and FORL staff have, and continue to be, involved with numerous industry working groups such as UK government's Renewables Advisory Board Grid Group.

This response relates to issues raised in Chapter 3 of the consultation. Response to issues raised in chapters 2 and 4 will be issued later, prior to the 1st September deadline.

Firstly FORL are against the UoS charges for the use of the distribution system and prefer the deep charging methodology. However we appreciate that the consultation in hand relates to the approach to be taken as UoS charges are going to be applied.

Merits in the unbundled approach, we like this approach as it allows a reconciliation of compensation for "deep charging" undertaken at the time of connection to the present day, there by offering the potential for a clean slate going forward and therefore allowing all DG to be treated equally.

This approach is not necessarily the easy solution that is hinted at in the consultation. A potential for long time delays whilst DNO's assess the initial charges paid against the compensation mechanics – there is a likelihood that

such process (including surveys, assessments, audits and negotiation) causes significant delays whilst this review is carried out over the 270 sites.

The calculation of compensation will need to be accurate, clear and auditable. The distribution system changes more frequently than the relatively static nature of the transmission system and the determination of exactly what assets were added for a particular connection may not be certain looking back. We will need comfort that the compensation being paid accurately reflects the cost of "deep charging" and the applicable rights to use the system.

We believe that the "bundled" approach may prove to be difficult to reconcile in terms of introducing a consistent approach to the payment of UoS charges and repayment for "deep charging". With the charging methodology open to change, the "bundled" approach could become more complicated over time with each modification and subsequent UoS rise and re-calculation to maintain the correct level of compensation.

FORL prefer "unbundled" for clarity, simplicity and accuracy. To avoid potential project financing complications caused by a lump-sum refund we would like the opportunity to prepay the UoS charges by placing the rebated sum on account with the DNO.

If you have any further questions, please do not hesitate to get in touch.

Yours sincerely,



Graeme Cooper

Policy, Regulatory and Compliance Manager
Fred.Olsen Renewables Ltd.

By post and e-mail