

Nuon Renewables

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Dear Nicholas

Consultation on Charges for pre-2005 Distributed Generators' use of DNOs' distribution systems

The consultation response is made by Nuon UK Ltd (trading as Nuon Renewables). Nuon UK Ltd is the 100% owner of Parc Cynog Wind Farm Ltd and Pendine Wind Farm Ltd, which respectively own two operational wind farms with 33kV connections to Western Power Distributions network one of which was connected pre-2005. We are grateful for this opportunity to respond to consultation on the potential introduction of Distribution Network Use of System Charges (DNUoS) for pre-2005 connected generators.

Despite the title given to this consultation, the information supplied and the questions asked appear to be largely predicated on the assumption that charges for pre-2005 connected generators will be introduced from April 2011. It is our continuing view that this should not occur and that it will in fact be an undue discrimination against generators who connected pre-2005 on the basis of deep connection charges and with the implied understanding that ongoing use of system charges would not apply to these generators.

To now seek to introduce charging provides no meaningful economic signal to the affected projects. By their nature they cannot be picked up and moved to a geographical area with lower charges. The only result the introduction of these charges may have is to lead to the closure of generating sites which find they are no longer economic when faced with potentially substantial, and previously unaccounted for, use of system charges. As an example, the charges proposed for 2010 by Western Power Distribution for Parc Cynog Wind Farm, which connected in 2001, were in the region of 10% of the annual revenues generated by that site.

If Ofgem is determined to proceed with DNUoS charges for pre 2005 connected generators it is Nuon's view that compensation should be structured so as to make generators "whole" for the situation that would have existed had these charges not been introduced. This could be achieved by providing a rebate, equal to the level of the calculated charges, for an ongoing period equal to the anticipated life of the generating site or until the connection agreement is terminated.

Again we would like to thank Ofgem for the opportunity to express our views on this subject.

Yours sincerely

Ross Cant
Operations Manager