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Dear Yvonne and Kristina,

## **RenewableUK and Scottish Renewables consultation response: Implementing further refinements to the enduring regime**

RenewableUK (formerly the British Wind Energy Association (BWEA)) is the trade and professional body for the UK wind and marine renewables industries. Formed in 1978, and with over 660 corporate members, RenewableUK is the leading renewable energy trade association in the UK, representing the UK's wind, wave, and tidal energy companies.

Scottish Renewables is the representative voice for the renewable energy industry in Scotland, influencing the legislative, regulatory and financial framework to deliver the best possible conditions for the industry's growth on behalf of over 300 member organisations. The renewables industry is playing a crucial role in Scotland's efforts to tackle climate change and increase the nation's energy security, and must continue to do so in order to meet renewable energy and greenhouse gas emission reduction targets.

## Summary of response

This response will consider comment on each chapter individually. RenewableUK and Scottish Renewables (SR) will not make a detailed analysis of the codes in this consultation, but will instead raise issues that are of high level concern.

## Management of the OFTO hand-over process

Much progress has been made in the refinement of the OFTO regime, one outstanding issue that must be resolved in order to deliver a fully functional regime is addressing the management of the OFTO hand-over process. In the final stages of the generator-build OFTO allocation, there is the need for some mechanism to manage the practicalities of the handover. There are four reasons why this mechanism is needed:

1. **The nature of the commissioning process.** As a project is commissioned, individual lines of turbines will be energised in turn. This process can take several months and under the current regime, the OFTO will not be in place until the end of the commissioning process. This will mean that generation could be occurring when transmission is forbidden. Further clarity of the definition of fully commissioned would be helpful as well. Is this taken as when first power is generated from the first turbine or when the wind farm has demonstrated capability at full load? An explanation of which approach is being taken and why would be helpful.
2. **The OFTO of Last Resort (OoLR) Process.** RenewableUK and SR are very supportive of the inclusion of the OoLR. There is a need to consider the impact of the OoLR process on the hand-over of an asset. By its very nature the OoLR will be required at a late stage when a tender has failed, because of this a generation asset may be fully commissioned but unable to transmit due to the delay created by the OoLR.
3. **The OFTO certification process.** After a successful generator-build OFTO tender process, Ofgem will be required to certify that the OFTO appointment is compliant with the 3<sup>rd</sup> package of unbundling. At present it is not clear what this certification process will entail, how long it will take or whether it is possible to run certification in parallel with the final stages of OFTO appointment. To account for this process and avoid delay some additional hand-over mechanism may be required
4. **The phasing of projects.** As projects get bigger they will need to be split into phases as sections of the wind farm will be serviced by different substation and export cables that are completed at different times. Greater Gabbard is an example

of a project that has been delivered in phases. The added complexity from larger projects needs to be accommodated by the hand-over process.

RenewableUK and SR would like confirmation from DECC and Ofgem on what they are doing to address these problems in the hand-over process. A growing concern is that if unaddressed these issues will make the generator-build option unworkable. We would welcome the opportunity to discuss the solution to this in detail. We have previously advocated that a transmission license exemption could be used to allow the generator to temporarily generate without an OFTO. This would allow a period of flexibility for these issues to be ironed out, while at the same time delivering the ultimate aim of separate transmission ownership. There are other mechanisms that could be used to address these problems, including ensuring the 3<sup>rd</sup> package is transposed in a manner that gives enough flexibility for the hand-over and also considering an interim OFTO assignment while final stage issues are resolved.

## CHAPTER 1

### Point 1.22 – Next steps

RenewableUK would reiterate its position stated in the previous consultation that ideally as much detail as possible should be given in the 18<sup>th</sup> December Ministerial Decision. We recognise that the introduction of the generator build option creates an added burden on the drafting process, but smooth delivery will be aided by as much clarity as possible in December.

We recognise that code changes are required in order to bring the generator build option into effect and we welcome the improved clarity they bring. However, we are concerned that the speed of implementation is likely to result in imperfect code changes and a risk that stakeholders, particularly generators acting on behalf of future OFTOs, will not have sufficient time to identify potential overly onerous requirements. Ofgem should recognise this risk as well as the likelihood of needing to revisit certain requirements via the established industry review panels. We are particularly concerned that there may be issues in relation to phased projects that have not fully been considered in the proposed licence and code amendments to date. In addition we would ask whether every opportunity has been examined to treat the generator-build option as the same as an OFTO for the purposes of the Grid Code and where appropriate.

We note that a revised STC was not included with the package of codes in this consultation. RenewableUK and SR believe that key elements that define the OFTO regime are within the STC. We would ask what process is being put in place to revise the STC. Do DECC and Ofgem view the finalisation of the STC by the 18<sup>th</sup> December as essential? Industry is keen to offer its expertise to help facilitate the delivery of this code.

## CHAPTER 2

### 2.10 Lack of default arrangement and non-compliant assets

The GBSQSS standards are a helpful guide to ensure assets are compliant with that required, however there are limitations as the standards do not cover every possible project situation and therefore derogations are commonly required to tailor the standards to the circumstances of a specific project. RenewableUK and SR would ask that standards that are developed will have an appropriate level of flexibility to be able to cope with real world situations. The assessors of a project will either need to have the expertise to assess what is a reasonable derogation based on engineering requirements or be guided by clearly written standards, Wherever possible, RenewableUK and SR would prefer the risk of non-adoption of an asset is used to deliver compliance rather than overly-prescriptive standards exercised by Ofgem.

RenewableUK and SR would note that the GBSQSS and codes are not fit for Round 3 and revision is planned.

### **2.21 Property Transfer**

RenewableUK and SR welcome the inclusion of a property transfer scheme. DECC and Ofgem should be aware of a concern over the effect a property transfer scheme could have on the transmission supply chain. The contractors should have an appropriate say in the assignment of contracts to new parties who might for example be less creditworthy than the original customer, or even a direct competitor. A transfer scheme must consider the reasonable needs of suppliers, as equivalent to that allowed in the majority of other business practices.

### **2.24 – 2.42 OFTO of Last Resort**

RenewableUK and SR strongly support the inclusion of an OFTO of Last Resort mechanism for the generator build option as it gives more contractual certainty to the generator even though the mechanism should be rarely exercised.

Regarding 2.33, we support the ability for a generator to adopt a generator-build option following the failure of an OFTO-build option.

Ofgem should consider whether following the failure of a late OFTO build tender other options rather than defaulting to the generator-build option are required, to ensure the OFTO-build tender remains as an attractive option when compared to generator-build. The options available will depend on the circumstances of the OFTO failure and the opinions of the generator.

### **2.43 - 2.49 Ex-ante guarantee**

We welcome the intention to publish the costs from the transitional tenders performed to date and would ask when this information will be published. RenewableUK and SR would like more visibility of the costs and the assessment process that justifies the removal of the ex-ante guarantee. Industry would be less uncomfortable with the removal of the guarantee if there is demonstration that the cost assessment process is fair.

### **2.53 Ring fencing costs**

RenewableUK and SR would ask what is meant by ring fencing of transmission costs. RenewableUK and SR would support allowing a single procurement of both transmission and generation to deliver cost reductions to consumers and promote efficiencies. Contracts can be separated on a notional basis to allow Ofgem to assess that reasonable costs have been incurred and no cross subsidy has taken place. We would ask that the equivalent measures applied to the onshore system are referenced, where notional separation is permitted.

## Coordination

The potential of a coordinated or integrated network is of great interest to industry. The reported savings and consenting advantages are beneficial to both private investors as well as the public purse. RenewableUK and SR believe a coordinated network can be delivered through a competitive OFTO framework, although there are several regulatory changes outside the OFTO regime that must be brought in to make this option viable. Government must maintain its renewed focus on delivering the OFTO regime and specifically the generator-build option.

If the benefits of a coordinated network are to be seen then Government action is required on the following regulatory areas. These are:

- A central authority for the design of an offshore network is required.
- A revision to user commitment and how new projects are made visible to the System Operator.
- The creation of a mechanism that allows Transmission Owners to make anticipatory investments to the grid both onshore and offshore.
- To the extent that an offshore network is an extension of the onshore network, then a review of the charging arrangements is required to ensure consistent and appropriate treatment. RenewableUK and SR are separately responding to the Project TransmiT call for evidence and this comment should be viewed alongside that response.
- A review of how the consenting system could deliver a coordinated network, including wayleaves and compulsory purchase options.
- Provision of how the generator build option works with coordinated offshore network development.

### 2.63 3rd Package

Point 2.63 references the requirement for the offshore transmission regime to be compliant with the 3<sup>rd</sup> package of unbundling. We would advocate that careful consideration of how the 3<sup>rd</sup> package is interpreted could allow an easier implementation of the OFTO regime. We note that OFTOs are not currently included in any of the three models of the 3<sup>rd</sup> package and that Spain intends to allow offshore generators to continue to transmit electricity after implementation. Obviously compliance is important, however minor changes in interpretation may make the delivery of OFTOs easier.

## CHAPTER 3

RenewableUK and SR are confused as to why some obligations placed on the operation of a transmission asset, e.g. frequency/harmonic responses, need to be changed depending on whether an OFTO or a generator builds them? Once the asset is in operation, it should not matter who has built the asset as it will have had to comply with all standards.

### 3.2.3 Appendix 2 clauses 1.11 & 1.15: Offshore Transmission Solution Assumptions

RenewableUK and SR are concerned that it is presumed that a Mod App shall be required for all material changes in the OTSDUW assumptions agreed in the post offer period. At this early stage, the generator will have undertaken only basic design work and it is very likely that material changes will occur as the design progresses. However, not all changes that may be viewed as material will have a material impact on the onshore transmission system or the onshore works undertaken by NGET. For example, a change to the offshore transmission cable voltage level **will not necessarily** impact on the onshore transmission system, but could be seen to be material change. In summary, only changes that have a material impact on the onshore transmission system or NGET's onshore works should require a Mod App. This would be commensurate with this current flexibility that exists when generators seek to modifying current Appendix P assumptions in existing connection agreements. CUSC 6.9.6.1 offers some comfort of how materiality will be dealt with but further clarity would be appreciated.

### Grid code - 28 Day Acceptance period

The proposed requirement to submit SPD for the OTSUA within 28 days of accepting the connection offer (Grid Code PC.A.1.4) is unreasonably short. It is unclear why such a short time scale has been proposed, particularly when compared to when this information would become available under an OFTO build scenario (at least 12 months, perhaps considerably longer depending upon which OFTO tender round is entered). It is proposed that this data should be supplied a minimum of 3 years prior to the Completion Date, which is likely to be comparable with when it would become available under an OFTO build option.

**Q3.6** We note that section K does not place an obligation on an OFTO to contribute to frequency control but that a change to CC6.3.6 a) (vi) is being proposed to require this where the generator chooses to construct its transmission assets. Do you consider that this requirement is applicable to an offshore transmission system constructed by an offshore generator?

RenewableUK and SR note that an OFTO will be obliged to contribute to frequency control where a DC connection is used. The codes must recognise the difference between AC and DC. There should be consistency between onshore and offshore regarding the separation of transmission and generation responsibilities, for example in the area of harmonics.

We hope that this consultation response is helpful in the final resolution of the OFTO enduring regime. If you would like to discuss this response in more detail, please do not hesitate to contact either of our organisations.

Yours sincerely,



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