

25 January 2011

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Via email [anthony.mungall@ofgem.gov.uk](mailto:anthony.mungall@ofgem.gov.uk) "Timely connection"

Dear Hannah,

**Consultation on the issue of timely connection to the electricity network**  
**RenewableUK response**

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 large majority of the UK's wind, wave, and tidal energy companies.

**Summary:**

We support any measure that can produce earlier and firm connection dates for generators, however we have practical concerns about the methods proposed and their potential for perverse outcomes.

**Response:**

Generators are concerned that connection offer dates can be slipped unilaterally by the SO/TO and there are no contractual penalties on the SO/TO. Such slipping can negatively impact the generator / developer, who has to bear the costs of being unable to generate and thus collect revenue in order to repay related investment. We would like to see this situation remedied if possible.

We are concerned that, if a connection date were to be incentivised by Ofgem, there could be a perverse incentive on SO/TO to provide a more conservative (i.e. later) date in any offer, in order to reduce the risk of penalties, and/or increase the chance of an incentive payment.

We would also be concerned if any incentives were paid for early connection where this was of no benefit to the generator.

We would also want to ensure that a network business that makes, or facilitates, an anticipatory investment is not disadvantaged. In illustration of the following of this point, please consider the following two scenarios. In scenario 'A', a generator is seeking a connection date in 2014 but is offered a connection date much later that they are seeking in 2018. However, the TO/SO is able to connect the generator early in 2017 and receives a reward. In scenario B the TO/SO has made an anticipatory investment and is able to offer a connection in 2014, they connect the generator on time in 2014 and receive no incentive payment. In scenario B the generator has been connected 3 years earlier with no incentive paid compared to scenario A, connected 3 years later and yet and incentive payments are made.

Under RIIO-T1 RenewableUK has developed proposals<sup>1</sup> to incentivise network operators for meeting a) government 2020 renewables targets and b) decarbonisation of electricity to 2030. In our view this incentive will provide an overall driver for timely connections though it may not address the issues on specific projects.

## **Conclusion**

In our view, our proposals for a low carbon economy incentive will provide a driver for SO/TO to meet connection deadlines, as the timely, or even early connection of new generation will help achieve targets as new generation will overall reduce the carbon footprint.

Yours sincerely,



Guy Nicholson, CEng, MIET, MEI, Head of Grid for RenewableUK

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<sup>1</sup> [http://www.bwea.com/pdf/publications/RenewableUK\\_policy\\_paper\\_LCEI.pdf](http://www.bwea.com/pdf/publications/RenewableUK_policy_paper_LCEI.pdf)