

e-mail: z.zavody@renewable-uk.com

9th September 2011

By e-mail to: hannah.nixon@ofgem.gov.uk

Dear Ms Nixon,

RIIO-T1: Transmission Companies' Business Plans

I write with a brief response to Ofgem's consultation on transmission companies' business plans. RenewableUK is the leading renewable energy trade association in the UK. Formed in 1978, with over 650 corporate members, we represent the large majority of the UK's wind, wave, and tidal energy companies.

RenewableUK welcomes these business plans and the opportunity to comment on them. The network companies have a vital role to play, on a day to day basis, in ensuring that new renewable capacity is connected to the grid. Our comments are therefore not only around formal processes and objectives, but also around company culture and internal incentives. We address the following aspects of activity:

- stakeholder information and support
- infrastructure development
- support for demand management
- co-ordination between networks
- monitoring and incentivising progress

In all the business plans, activity is proposed for providing information to stakeholders on the connection process, and for a "fairer, clearer, more accessible" connection process (SP Transmission). These are welcome. But more is probably needed; connection needs to be pro-actively driven, with objectives set for internal teams to bring down connection times. This would incentivise staff to be pro-active in reaching out to new generation and providing hand-holding support to get them connected as quickly as possible.

While there is rightly a priority on developing necessary infrastructure, SP Transmission in particular could make more of the need for anticipatory investments in as yet undeveloped sites that are likely to require connection in future. NGET and SSE go some way in acknowledging this need, together with managing the associated risks. – These need to be managed carefully to avoid stranded assets, but the benefit is the far more rapid and predictable connection of generation plant once they are built – saving costs for both new generators and ultimately for energy consumers. Although there is acknowledgement of stakeholder concerns about aesthetics, there is little mention of planning friendly line designs and routes; only NGET seem to adopt an explicit policy direction on undergrounding of cables.

The networks have the potential to encourage or even participate in DSM activity, in particular, securing demand reductions or demand shift in high-load areas. Only SP Transmission lists this, under the

Network Innovation Competition, but moving forwards it would ideally represent a core activity as part of delivering secure and sustainable energy at best value for money.

There seems to be little mention of the scope for co-ordination with other networks (TOs or DNOs or even gas networks) on issues such as timing of outages, appropriate connection points, and demand management. This is an area that will likely become more important and necessary with increasing grid complexity. SSE acknowledge that new connections will require upgrades that run the risk of system outages, and the need to co-ordinate outages so these are minimised, but do not explore the wider potential benefits of co-ordination.

Finally, in terms of monitoring, stakeholder surveys are proposed and this is welcome. However, it is dangerous to use such surveys as the sole measurement tool, because stakeholders seeking connection to a monopoly network will understandably be cautious about airing negative comments and jeopardising their relationship. Another helpful indicator would therefore be the actual amount of generation connected, and in particular, the progress this makes towards carbon emission reduction targets. – This would engender a sense of ownership and perspective on the part of the network companies.

Only NGET seem explicitly to acknowledge that the network operator has a crucial role to play in the low-carbon agenda, and none of the network owners discuss their internal organisational incentives to help maximise progress. This confirms RenewableUK's view that there is a need for the introduction of a new regulatory incentive, one which would encourage the network companies to work pro-actively towards achievement of wider environmental outputs. We are currently in the process of investigating the potential issues around such an incentive, and we would be happy to share our findings with you.

Thank you again for the opportunity to input. If you would like to discuss these issues or require further detail, please do not hesitate to get in touch.

Yours sincerely,

Zoltan Zavody
Grid Policy