



Making a positive difference
for energy consumers

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Dear Michael

Report on the enduring 'Connect and Manage' grid access regime

In 2010 we were asked to monitor, and report on, the impact of the enduring 'Connect and Manage' grid access regime, and this is our fourth report. It covers grid connection activities, constraint costs, carbon savings and measures to reduce constraint costs, for the period from 1 September 2012 to 30 September 2013.

Since our last report, the total number of connection agreements for large generation projects has increased from 125 to 163, with a total capacity of approximately 37,000MW. Connection dates have been brought forward by an average of five years under Connect and Manage, compared to the previous arrangements.

For small embedded projects, the number of connection agreements has reached a total of 134 projects, up from 104, with a total capacity of 655MW. Connection dates have been brought forward by an average of nine years.

The total number of large and small generators connected to the system under the Connect and Manage regime has also increased from 49 to 91 with a total capacity of 1,199MW.

National Grid has provided information on constraint costs and carbon savings for large generation projects that have connected under Connect and Manage agreements. There are now 15 large generation projects connected under the regime, and these have given rise to constraint costs totalling £26.6m since the start of the regime in 2011. We will continue to monitor these costs.

National Grid has told us that these large generation projects have resulted in almost 930,000 tonnes of carbon dioxide being saved.

Since our last report in November 2012, National Grid has reviewed its approach to estimating future constraint costs. This has included the revision of future energy scenarios and the updating of key modelling input assumptions. The result has been a significant overall decrease in its constraint cost projections compared to last year. National Grid's latest estimates for the period from 2013/14 to 2020/21 lie between £81m and £245m, compared to the previous forecast of £680m.

We have been implementing measures aimed, amongst other things, at minimising constraint costs, such as under our System Operator (SO) Incentive Scheme and the Transmission Constraint Licence Condition (TCLC). We also continue to work with the SO and the Transmission Owners on improvements to the Network Access Policies (NAPs) which aim to enhance coordination around network outages and hence reduce constraint costs.

Lastly, we are assessing the funding applications for major reinforcements to the transmission system under the Strategic Wider Works (SWW) arrangements and its predecessors. Once commissioned, these works will have a significant impact on reducing constraint costs.

Yours sincerely,



Ian Marlee

Senior Partner

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