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Catherine Williams  
OFGEM  
9 Millbank  
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Our Ref: EN01-004605

27 May 2014

Dear Catherine,

**Re: RES response to Ofgem TransmiT further consultation (April 2014)**

RES is one of the world's leading independent renewable energy project developers with operations across Europe, the Americas and Asia-Pacific. RES has been at the forefront of wind energy development since the 1980s and has developed and/or built more than 8GW of wind energy capacity worldwide, including projects in the UK, Ireland, France, Scandinavia and the United States.

RES welcomes the opportunity to respond to the "Project TransmiT: Further consultation on proposals to change the electricity charging methodology" of 25 April 2014 ("the Ofgem TransmiT further consultation"). RES responded to the "Project TransmiT: Impact Assessment of industry's proposals (CMP213) to change the electricity transmission charging methodology" consultation document of 1 August 2013, which considered the relative impacts of CUSC Modification Proposal 213 (CMP 213) and set out its minded to position of progressing on the basis of Workgroup Alternative CUSC Modification 2 ("WACM 2"). In its response to the August 2013 consultation, RES noted that;

- WACM2 better meets the relevant CUSC objectives than status quo because it is more cost reflective and will therefore better support effective competition in electricity generation. RES UK & I considers that Status Quo would be highly damaging to the UK's ability to meet legally binding renewables targets and also to future security of supply.
- Strongly agreed with the comment that modelling served as useful tool for the purposes of comparison of various options but should not be used as a forecast of material impact.
- WACM2 failed to best meet the CUSC objectives compared to other options under consideration (such as WACM8) due its failure to establish an appropriate outcome for charging of HVDC infrastructure.
- CMP213 needs to be implemented in the most timely manner that is reasonably practicable (1 April 2014 at the time of writing).

Having read the Ofgem TransmiT further consultation, RES continues to hold the views summarised above. RES would note the following in relation to the specific questions raised.

**Question 1:** Do you agree with our interpretation of benefits to consumers of implementing WACM 2, including revised impact assessment modelling?

RES agrees with Ofgem's interpretation of the revised modelling results in light of the range and extent of sensitivities in play. RES also agrees that WACM 2 better facilitates the relevant CUSC objectives relative to Status Quo in light of the improved cost reflectivity achieved through closer alignment with Security and Quality of Supply Standards and also with current transmission investment planning processes.

**Question 2:** Do you agree that the revised impact assessment modelling captures concerns raised during the August 2013 consultation about the NGET modelling?

RES agrees that the revised impact assessment modelling captures concerns raised during the August 2013 consultation. In particular, RES agrees with Ofgem's statements on the limits of the value of modelling of longer term benefits in light of the range and impact of factors influencing the effect of the capacity market under EMR. In the absence of a clear conclusion on the relative monetary benefits of WACM2 versus Status Quo, RES agrees that the improved cost reflectivity of WACM 2 results in it better meeting the relevant CUSC objectives.

**Question 3:** Do you agree with our minded-to position in light of new evidence discussed below and the responses to the consultation set out in Appendix 2?

RES remains of the view that Ofgem's minded to position (WACM 2) better facilitates the relevant CUSC objectives relative to Status Quo. However, RES also remains of the view that the charging of HVDC converter stations on a 100% locational basis, as is proposed under WACM2, creates discrimination against generators that are required to connect behind such assets. In order to redress this potential discrimination, a methodology that creates parity between the treatment of HVDC converter stations and treatment of AC substations needs to be established.

**Question 4:** Do you agree with our minded-to position to implement in April 2016?

RES remains of the view that CMP213 needs to be implemented as early as possibly practicable to realise the benefits to cost-reflectivity and the associated benefits of better achieving energy security and decarbonisation targets. RES would welcome an implementation date in 2015; furthermore any implementation date later than April 2016 could raise uncertainty for investors and hence potentially add unnecessary risk to projects currently being progressed.

If you wish to discuss any aspect of this response, please do not hesitate to contact me.

Yours sincerely,

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