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James Veaney
Ofgem
9 Millbank
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Our Ref: EN01-005048

25 February 2015

Dear James,

Re: RES response to OFGEM open letter consultation on precedence of Voltage Rule over HCC Rule

Renewable Energy Systems Limited (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 Ofgem Open Letter Consultation entitled "*Our view, subject to consultation, on whether the voltage rule should take precedence over the High Cost Cap for Distributed Generation connections*" of 17 December 2014 ("the Open Letter Consultation the voltage rule"). RES supports the Ofgem proposal that the voltage rule should take precedence over the High Cost Cap (HCC) rule - the customer should only pay for reinforcement up to one voltage level above their point of connection. RES agrees with Ofgem's argument that this position allows for more consistent treatment between different types of customers and a fairer allocation of costs.

RES would welcome the opportunity to contribute to develop this policy in more detail because there are potential complications that will have to be considered and overcome in order to avoid unintended consequences. One such area for consideration is around the timing of connection of users at different voltages and the implications of any subsequent connection offer terminations. For example, a HV-scale generator in England & Wales may accept an offer to connect to the local 11kV system. The interconnecting 33kV system may not need reinforcement; however the forecast additional power flows provoke the need for reinforcement on the interconnected 132kV system. Under the proposal, the HV generator would not make a capital contribution towards the 132kV reinforcement costs. A second, larger power station may subsequently accept an offer to connect to the intervening 33kV system, making use of the discrete increase in capacity created by the HV-generator-triggered proposed 132kV reinforcement (as stated in the Ofgem consultation, "reinforcement of the distribution network at higher voltages is more likely to create capacity that other customers may benefit from"). It would be useful to clarify how the second party (EHV) generator is expected to be charged in such a scenario and separately what would happen if either generator failed to progress (i.e. terminated its connection offer prior to energisation); noting that any potential step-change increase in cost is a risk which could become a material barrier to any new user.

RES considers that complications such as these strengthen arguments for the introduction of shallow charging in a manner aligned with the methodology applied at transmission level. This would remove some of the arbitrary commercial effects of the currently divergent charging methodologies and establish a level playing field for all generators on what is becoming an actively managed total system in which generators of all sizes participate.

Nonetheless, under the existing charging arrangements RES would reiterate its support for the Ofgem proposal as drafted and looks forward to contributing to the further development of this policy.

Yours sincerely,



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