

# Transmission Constraint License Condition

## RenewableUK response

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### **About RenewableUK**

RenewableUK is the leading trade association in the renewable electricity sector, representing over 440 organisations across the value chain in the wind, wave and tidal stream industries. In 2015, these technologies generated 11% of the UK's electricity needs, which represents 52% of the total electricity generated by all renewable technologies last year.

### **Consultation on modification to the Standard Licence Conditions**

We believe it important to note three pieces of context which are crucial to our response:

- During the period considered, National Grid did not consider that onshore wind would play an active role in the balancing market or be constrained in significant volumes and the contractual positions of onshore wind farms were written with this in mind. However, the onshore wind industry has demonstrated that it can act on instructions accurately and extremely rapidly, and National Grid considers that onshore wind provides a valuable service to support balancing of the grid.
- Constraint is only one of several reasons for National Grid to instruct wind farms. An onshore wind farm is not able to differentiate instructions arising from constraint from those for curtailment. We would suggest that this lack of differentiation already limits deliberate and exploitative behaviour in the case of grid constraints.
- The balancing market is a competitive process and National Grid are incentivised to accept lower prices. Therefore, wind farms submitting lower bids are more likely to be constrained. The overriding aims must remain to provide a robust market signal by which to manage grid constraints and to further integrate onshore wind into the balancing market. It is crucial that the application of this licence condition does not distort or seek to replace those market signals to ensure that constraint is managed at lowest cost to the consumer.

RenewableUK therefore supports the proposed modification to the Standard Licence with respect to the TCLC (Condition 20) on condition that a sunset clause of 5 years is established. This reflects good practice for any regulation whose purpose is likely to diminish even further over time and would also allow an opportunity to review the interaction between the TCLC and REMIT.