



Making a positive difference
for energy consumers

The Rt Hon Andrea Leadsom MP
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Dear Minister,

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

We have been asked to monitor, and report on, the impact of the enduring 'Connect and Manage' grid access regime. This is our sixth report. It covers grid connection activities, constraint costs, carbon savings and measures to reduce constraint costs, for the period from 1 October 2014 to 30 September 2015.

Since our last report, the total number of large generators connected to the system under the Connect and Manage regime has increased from 23 to 28 with a total capacity of 1,898 MW¹.

The total number of connection agreements for large generation projects has also increased from 201 to 255, with a total capacity of over 42,500 MW. Connection dates have been brought forward by an average of five years under the Connect and Manage regime, compared to the previous arrangements.

National Grid has told us that these large generation projects have resulted in almost 5.9 million tonnes of carbon dioxide being saved to date. The carbon benefit calculations are based on National Grid's estimate of the conventional fuel (e.g. coal, gas) that is displaced by the output from the Connect and Manage generating stations and not an aggregate impact.

National Grid has also provided information on constraint costs associated with the Connect and Manage regime; these were £121.7m in the 12 months to 30 September 2015. This is

¹ This is the most recent view of total capacity provided by National Grid, according to their Transmission Entry Capacity register

an increase of £52.3m from the 12 months to 30 September 2014, where constraint costs totalled £69.4m. However, the proportion of total constraint costs that are attributable to Connect and Manage remained similar to last year at just above 30%. We will continue to monitor these costs.

As in previous years, National Grid has estimated future constraint costs associated with the Connect and Manage regime. This is based on their 2014 Future Energy Scenarios. They are forecasting an increase in the expected constraint costs for Connect and Manage. National Grid project constraint costs associated with the Connect and Manage regime to drop to nearly zero in 2017/18 once the Western HVDC link is commissioned. Forecasts of constraint costs after this date, and particularly in the early 2020s, depend on uncertain assumptions about the level of future generation coming forward and the date for completion of large reinforcement projects which have not yet been started.

We have several measures, amongst other things, aimed 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 the Network Access Policies (NAPs), which we approved in June 2015 and 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. Two projects we approved in 2013 are due to finish this year – The Kintyre-Hunterson 270 MW upgrade and the Beaulay-Mossford 252 MW upgrade. In addition to this, the Beaulay-Denny upgrade, from 132kV to 400kV lines, was energised in November 2015. In December 2014 we approved the Caithness Moray project; this will allow 1,200 MW of new onshore renewable generation to connect. These projects will have a significant impact on reducing constraint costs.

Yours sincerely,



Martin Crouch

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