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Dear Robert,

**The Transmission Price Control Review – updated proposals – consultation
Response from BWEA**

Please find enclosed the British Wind Energy Association's response to your latest consultation on the transmission price control review.

BWEA is the leading UK trade association representing the renewable energy industry. We work with over 300 member organisations in the wind, wave and tidal energy sectors. Further information on our work and membership can be found on our website, www.bwea.com.

BWEA welcomes the opportunity to respond on what is an important issue for the UK renewable energy industries. Successful development of renewables will depend on successful regulation and development of the transmission network throughout GB, but particularly in Scotland, where current demand for connection from new generators has created a substantial queue for connection, and led to increasing frustration within the development community. The issue of final sums liabilities for large offshore wind projects has also made progress in developing this key resource difficult.

In summary we must say that BWEA is deeply disappointed that, despite valuable debate and discussion that has been ongoing since the Department of Trade and Industry brought different groups together in February 2006, and also following the valuable Access Reforms Option Development Group discussions and process, Ofgem has apparently abandoned work on transmission access reform and opted for an approach that must (largely) be characterised as business as usual.

We still see that this new Transmission Price Control Review (TPCR) represents the best opportunity currently available to bring in the reforms necessary to ensure the GB transmission system is up to the task of meeting future energy needs. We thus urge Ofgem to review its position and include reform of transmission access arrangements in its final conclusions for the forthcoming transmission price control.



User Commitment for transmission access

We are aware that in the December 2005 TPCR consultation Ofgem stated that its current view was that:

"options based on user commitment should be the focus of this TPCR, while also seeking to ensure an appropriate allocation of risk between network users, transmission companies and consumers."

Since this time, industry has engaged actively in discussions with National Grid on the current Final Sums Liability system that underpins transmission access and connection agreements. We would like to point out that we broadly support the proposals put forward by National Grid to introduce an enduring change under CUSC. However, we see that it will be important that current rights in existing connection agreements are preserved, and that the new User Commitment model is applicable only to new applicants. We see no reason to change existing agreements retrospectively.

Also, on the issue of the User Commitment, we would note that change to User Commitment is only one issue that BWEA sees as important in looking at access reform issues. Indeed, the User Commitment changes now being taken through the CUSC modification process are more relevant to security of network investment than overall transmission access.

Access Reform Options

In the March 2006 TPCR consultation document Ofgem noted that it had recently: *"set up an Access Reform Options Development Group (ARODG) to facilitate cross-governance discussion of access related issues,"* and that:

"We are keen to keep the access debate moving and, as such we will seek to clarify to price control; consequences of different models as they emerge from the process being managed through ARODG."

In the June 2006 TPCR consultation Ofgem noted that:

"We are pleased with the progress being made through the ARODG process, and will monitor next steps carefully and seek to facilitate further progress where we can... As potential options for change are developed and proposed, we will separately ensure that interactions with the TPCR are identified and consulted on."

Since this point, ARODG has reported and Ofgem has consulted on this report. BWEA is clear options in this report need to be pushed forwards. It is our clear view that a Connect and Manage approach is a suitable way in which to manage access to the transmission system as we move forwards.

While some of the options in the ARODG report could be introduced as code modifications, others such as connect and manage will require more fundamental changes that are the responsibility of Ofgem (such as SO and TO incentives) which would be best introduced as part of the transmission price control.

Furthermore, we would like to highlight our disappointment that National Grid has decided not to proceed with development of alternative charging products that could incentivise and fast track connection of generation such as renewables. Given that such charging products would be necessary in moving to a Connect and Manage approach, we are disappointed that Ofgem is not looking at how it can incentivise such development under the TPCR.

In conclusion, we must reiterate our deep disappointment that Ofgem – having initiated valuable discussion through ARODG – has failed to take forwards this work in any meaningful way. We can only conclude that Ofgem has no ongoing interest in transmission access reform, and does not see it as relevant to consider how best to adapt transmission to a market environment in which generation is becoming more dispersed, and where a growing diversity of generation is seeking connection in more peripheral parts of the grid.

BWEA participated heavily in the ARODG process and had high expectations that the constructive dialogue we had there would bear fruit in the form of concrete reform proposals under the TPCR. We were also encouraged by the discussion in the Energy Review Annex E (Renewable Grid Issues), which implied Government support for the 'connect & manage' philosophy for grid access. We are therefore disappointed that this work has not been reflected in the TPCR and would strongly urge you to reassess your position so as to include options for reform of transmission access arrangements in your final conclusions on the review.

I trust that you find these comments helpful in setting out the key issues as seen by BWEA. If you would like clarification on any of the detail in this correspondence please do not hesitate to contact us.

Yours sincerely,

A handwritten signature in black ink, consisting of several large, overlapping loops and a long horizontal stroke extending to the right.

Gordon Edge