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Wednesday 31st August 2005

Dear Patrick,

### **BWEA Response: Negative demand tariffs**

BWEA welcomes the opportunity to comment on the proposals relating to negative demand tariffs.

This response has been prepared on behalf of the wind industry and BWEA members although individual member companies with wider interests may hold a different position on some issues.

BWEA was established in 1978 and is the representative body for companies active in the UK wind energy market. Its membership has grown rapidly in recent years and now consists of over 320 companies including all grid-connected wind energy and every company with a lease to develop offshore.

### **Negative demand tariffs**

BWEA notes, and agrees with, the arguments for avoiding negative demand charges. Therefore BWEA supports the implementation of changes to the charging methodology to avoid negative demand charging.

### **Amending the G/D split**

BWEA has consistently proposed that the G/D split be amended to 0/100 in line with emerging European practice and therefore we support the proposal to so amend the charging split.



## **Secondary measures**

BWEA notes the concern that even with the amended G/D split, negative demand charges may still arise in the future. However, BWEA believes that a more appropriate secondary measure would be to reduce the tariff differentials of *both* generation and demand charges. This is in line with BWEA's long standing belief that the locational signals applied in the final charges continue to be overstated and are greater than can be justified by the application of a cost-reflective principle.

## **Timing**

BWEA notes the proposal to introduce the amended charges from 1 April 2007. However the changes are intended as an improvement on the present charging arrangements. BWEA believes that there is no need for network users to be unduly denied the benefit of these improvements. BWEA therefore suggests that the changes are implemented from 1 April 2006.

If you have any questions please feel free to contact me at any time.

Yours sincerely,

*Richard*

Richard Ford  
Head of Grid and Technical Affairs  
British Wind Energy Association