

Tom Ireland
Electricity Charging and Access Development
National Grid
National Grid House
Warwick Technology Park
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Warwick
CV34 6DA

8 September 2006

Dear Tom

GB ECM-06 Pre-consultation document 'for the charging and access arrangements associated with SQSS design variations based on customer requests' (August 2006)

Thank you for the opportunity to respond to the above consultation. We assume that the “pre” consultation is affording an opportunity to add or subtract options to be considered in the formal consultation, and to modify the scope of the consultation.

You may be aware that the Highlands and Islands of Scotland are home to much of the UK’s renewable energy resource. Development of that sector is a key priority for Highlands and Islands Enterprise (HIE), the Government’s economic and social development agency for the area, given the wealth of economic development opportunities it could offer. For that reason, HIE, and its local partners (Shetland Islands Council, Orkney Islands Council, Comhairle Nan Eilean Siar, Highland Council, Argyll & Bute Council and Moray Council) have taken a close interest in regulatory developments and have responded to a number of consultations issued by Government, Ofgem and NGC.

HIE is supportive of the intent in facilitating reduced connection charges and/or use of system charges for “intermittent” renewable generation, in return for some reduction in security of the connection. It has often been argued that low-load-factor generation such as wind would accept a lower level of security in return for simpler, cheaper and faster connections. In fact this has been the case in practice.

NGET’s report on Condition 3 “The treatment of intermittent generation in the GB Charging Methodology”, August 2006, is also relevant. The Condition 3 report rules out changes to the charging methodology at least in part due to the prevailing SQSS, while at the same time the present consultation and other work is considering changes to the SQSS. It would seem sensible to delay conclusions on Condition 3 pending the outcome of SQSS-related deliberations.

HIE would also note that the present consultation doesn't mention that double-circuit connections are more visually intrusive: a double-circuit overhead line will be on steel transmission towers, whereas a single circuit at 33 or 132 kV can be on wood poles, which is much less visually intrusive, is less likely attract planning objections, and can be built more rapidly. Single-circuit connections would be attractive to some developers and / or planning authorities on this basis alone.

Of the three options for change proposed, HIE considers that 1 and 3 are worthy of further consideration and consultation. Comments against each option are as follows:

Status quo

HIE does not support this option (as interpreted by NGET) as it leads to unnecessary cost and environmental impact.

Option 1: Modify SQSS to replace design variations with option for TO to design to lower standard where economically justified.

HIE does not view this option as necessarily mutually exclusive to the alternatives. There should be a requirement on the owner and operator of the grid to plan for single circuit connections where this is economically and environmentally justified. The key question appears to be whether a reduction in TNUoS charges, or compensation payments to generators, is the most appropriate means of establishing economic justification for single circuit lines. This should be explored.

HIE does not believe that the problems identified by NGET – the owner incurs capital costs but NGET incurs the curtailment costs; and establishing a unit curtailment compensation rate – are sufficiently onerous to preclude this option.

HIE also does not fully understand why this option cannot necessarily be justified at present. NGET states in its background that customers would incur additional operational costs should generators be compensated, and thus this would not be acceptable. But customers also incur additional costs for unnecessary double circuit connections. Thus the rationale for not taking Option 1 at present is unclear.

Option 2: Deeper connection boundary

HIE does not support deep connection charging as the costs incurred by single projects triggering major reinforcement can, and have been, prohibitive.

As a point of clarity, HIE does not understand why, under a deep charging regime, an existing customer would be exposed to costs of connecting subsequent generators.

Option 3: Changing TNUOS methodology

HIE considers this option merits further consideration. The calculation is complex and requires further explanation. HIE does not consider an outcome where there is no cost saving for mainland generation spurs to be reflective of the capital cost saving from a single circuit connection.

As for Option 2, HIE does not understand why subsequent connections would automatically increase the cost for existing connectees.

Summary

HIE supports further consideration of Options 1 and 3.

We hope you find these comments helpful.

Yours sincerely

Elaine Hanton
Head of Renewables

On behalf of a Highlands & Islands partnership comprising:-
Highlands & Islands Enterprise
Shetland Islands Council
Orkney Islands Council
Comhairle Nan Eilean Siar
Highland Council
Moray Council
Argyll & Bute Council