

Andrew Truswell  
Electricity Charging & Access Development  
National Grid Electricity Transmission plc  
National Grid House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

5 February 2008

0141 568 4469

Dear Andrew,

Response to Questions from Offshore Electricity Transmission Access & Compensation  
Industry Workshop on 3<sup>rd</sup> December 2007

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

The successful development of offshore wind and fulfilling the potential of wave and tidal stream generation is essential if the UK is to meet its targets for renewable energy. As a generator, we wish to see a charging regime that delivers low charges and can be up and running with as little complication and delay as possible. Generators require a regime that will give them access to a market that is consistent and competitive with the rest of the electricity market.

ScottishPower supports the extension of the GB charging methodology offshore and has considered the issues discussed at the Workshop.

**Access**

ScottishPower supports the introduction of a project specific discount which fully reflects the cost saving arising from any design variation and that reflects the higher risk accepted by the generator from the lower connection security standard. National Grid's recent decision to re-consult on the design variation discount is a disappointment and has delayed the introduction of a deep and cost reflective discount which would have enabled users to make an informed economic decision on the appropriate level of security for their connection. When such a discount is introduced, it should be equally applicable to offshore connections.

ScottishPower believes that where capacity is restricted, the available capacity should be pro-rated between parties and that more sophisticated allocation arrangements would add an additional level of complexity without adding significant value to the process.

## **Compensation**

ScottishPower believes that offshore transmission users should be compensated for a loss of access associated with the onshore transmission system. This compensation should be on the same basis as onshore users as the onshore element of the connection should be fully GB SQSS compliant and offer a similar level of security to that provided by other onshore assets.

Compensation payable to offshore users for loss of access should be funded by the OFTO on the basis discussed within the Ofgem consultation 248/07: Recovering the costs for temporary disconnection (CAP048) – proposed modification of transmission licences.

Until more data on costs is available and an enduring incentive scheme can be developed, OFTOs should be entitled to recover the cost of “CAP048” style payments in allowed revenue.

“CAP048” style compensation payments should only be available to those users who have requested (and are paying for) the same standard of connection as the minimum required by the GB SQSS onshore.

“CAP048” compensation should cover both the onshore and offshore elements of transmission charges as loss of either element of the connection deprives the generator of access to the transmission system with a corresponding financial impact.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

**James Anderson**  
**Commercial and Regulation**