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The Lord Mogg, KCMG
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Dear Lord Mogg

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

Thank you for your letter of 1 April providing me with a first report on impacts of the enduring 'Connect and Manage' grid access regime that my Department introduced in August 2010.

I wanted to record my thanks to you and your team at Ofgem, as well as to National Grid and the two Scottish Transmission Owners, for the efforts made to complete the implementation of the new regime over the past six months. I am pleased to see that all aspects of implementation have now been successfully completed.

You will be aware that the Government introduced the enduring 'Connect and Manage' regime so that all types of new generation could connect to the network more quickly, and hence support the delivery of our climate change targets and help to ensure security of supply. I welcome the considerable extent of projects already potentially benefitting from 'Connect and Manage', as evidenced by the data on connection offers set out in your report.

As you note in your letter, it is too early to assess the constraint costs and carbon benefits arising from the new regime. However, I agree that it will be important to continue to monitor these impacts and outcomes going forward. There are, of course, a number of actions that can be taken to address constraint costs now, and I would encourage National Grid and Ofgem to continue to consider the full range of options available, consistent with maintaining a stable grid access regime. I would also stress that any changes to transmission charging arrangements that are introduced as part of Project TransmiT will need to be consistent with the GB network connection policy introduced through the 'Connect and Manage' regime.

The main enduring solution to the problem of network constraints and connecting new generation is timely investment in the transmission network. I therefore welcome the progress made on approving priority network investments highlighted in your report.

I look forward to receiving a further monitoring report by the end of this year.

Yours sincerely,

Charles Hendry

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