



Future Electricity Networks Team  
Department of Energy and Climate Change  
Area D, 4<sup>th</sup> Floor  
3 Whitehall Place  
London  
SW1A 2AW

14 April 2010

Dear Sirs,

**Response to the technical consultation on the model for improving grid access**

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

We welcome DECC's conclusions on Grid Access and see the solution as a pragmatic, investor friendly outcome which recognises the broad societal benefits of the move towards decarbonisation. We believe that any increase in constraints costs arising from connect and manage will be moderate and more than offset by competition gains. We support the proposed implementation date of June 2010.

We support DECC's efforts to ensure that the proposed arrangements are implemented on a long-term enduring basis. This helps to provide the stability required in order to secure long-term investment in support of the UK's renewable objectives.

The key to timely deployment of renewable and other low carbon generation technologies will remain investment in the electricity transmission infrastructure. It is recognised that there will be a period when transmission infrastructure will be required to "catch-up" with generation investment and that transmission owners should be encouraged – and properly funded – to provide "anticipative investment" in the transmission system ahead of full commitment by users.

Although beyond the scope of DECC's current process, we would urge an urgent review of National Grid's transmission charging methodology. The reasons for looking again at this fall into three categories:

- For renewable generation, the extra cost is obstructing the full potential of onshore wind generation in Scotland. While for some projects, the cost is bearable, there will be others where it is not. If they are replaced by offshore projects – whether off England or Scotland – it is likely to cost the consumer about twice as much per megawatt hour of electricity as building onshore in Scotland and upgrading the interconnector.
- For CCS, it is clear that Longannet is the only project that can deliver demonstration by 2014; if it does not proceed, the demonstration will be delayed by at least several years. However the high level of transmission charges is making it difficult to justify the environmental upgrades that EU legislation requires us to fit at Longannet if we are to keep the plant open for the duration of the demonstration.

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- For security of supply, both in Scotland and the wider GB market, it remains important to maintain a strong background of conventional generation in Scotland. The transmission charges could make it difficult to justify the environmental upgrades and maintenance capital needed to make this a reality.

Ofgem and others have suggested that the current system should in theory save customers money by encouraging efficient use of the network. But this claim has not been properly analysed against the evidence and the issues presented above and we think a proper review is now necessary. We believe such a review would demonstrate that the current arrangements are bad for customers, bad for the environment and bad for security of supply.

Uncertainty over the charging treatment of the transmission investments proposed in the ENSG report could significantly exacerbate these problems and negate the positive impact of the enduring connect & manage regime.

We understand the potential benefits, in terms of system planning, of increased post-connection user commitment. However this must be balanced with the reduction in operating flexibility of generators and there may be an increased risk of early closure of LCPD opt-out plant. This could have a significant impact on security of supply. We would not support any increase in post-connection user commitment beyond the 2 years proposed.

On Enabling Works, we are concerned that the scope for these to be set above the maximum level without the agreement of the User looks rather broad. It will be important that the Enabling Works are not set wider than necessary and we would look for suitable monitoring arrangements to help ensure this. Cases where the works are wider than the maximum level should be made public, with reasons, in NGET's reporting and Ofgem given sufficient visibility of the issue to intervene in a timely way.

We accept the principle of setting a "backstop" position for enabling works but would urge DECC to ensure that performance measures are placed upon the Transmission Owners and System Operator to ensure that the "backstop" does not become the default position and that developers are offered connection dates reasonably consistent with their development timescales. To this end the Annual Report to be produced by National Grid under the new CUSC clause 13.4 should also indicate the proportion of offers where National Grid in conjunction with the TOs has been able to meet developers' aspirations for early connection dates.

We support the ability of transmission owners to derogate themselves from the requirements of the NETS SQSS. For the avoidance of doubt, the power of veto by the System Operator should be referable to Ofgem by any of the parties involved including the affected developer. It will also be important for NGET to give reasons with its decisions. As with Enabling Works exceeding the maximum, we would seek clarification of which circumstances are envisaged whereby National Grid would exercise its veto because a self derogation may affect other users, to avoid this reason being construed in too wide a sense.

The extent of the derogations required will be heavily influenced by the outcome of the ongoing fundamental review of the SQSS. We note National Grid's recent comments on the programme for completion of this review and urge DECC to encourage all parties to reach a conclusion on this important work as soon as possible.

We support the overriding principle that in the transition arrangements no developer should find themselves in a less favourable position, in terms of connection date or associated conditions, than they are currently in under either the current invest then connect or interim connect and manage arrangements.

ScottishPower would support an early decision by Ofgem to implement the outstanding CUSC Amendment Proposals (CAPs 161 – 163) on short-term grid access products which would further facilitate earlier connection of generation projects.



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

Yours faithfully,

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