

Transmission Access
Future Electricity Networks Team
Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2HD

Fred.Olsen Renewables Ltd
2nd Floor
64-65 Vincent Square
London
SW1P 2NU

29th March 2009

Via e-mail to
gridaccess@decc.gsi.gov.uk

Dear Transmission Access Team,

**Re: Fred.Olsen Renewables Ltd. Response to DECC Consultation
"Improving Grid Access – Technical Consultation" Ref. 10D/567**

Fred.Olsen has been involved in wind power since the 1990's with presence in Norway, Sweden, UK, Ireland and Canada. Fred Olsen Renewables Limited (FORL) has 315MW of operational onshore wind projects and a further 165MW consented in the UK and a further 1100MW consented offshore in the Irish Sea. This makes FORL a major player in the wind energy sector. In addition, FORL are BWEA, SRF, IWEA and NOW Ireland members and are active on a number of the industry groups and FORL staff continues to be involved with numerous industry working groups.

Firstly, FORL fully support the department's preliminary statement regarding the expansion of Interim Connect and manage to enduring Connect and Manage. Interim Connect and Manage has demonstrated that this approach can work effectively by advancing projects previously stuck in the grid queue.

Market Power Licence Condition, FORL fully supports a new Market Power Licence Condition to protect consumers from exploitation of market power but we cannot see how any cases will be sufficiently proved. The threat of investigation should help deter blatant exploitation.

Enabling Works, We are not clear what DECC wants to happen in relation to Enabling Works. Further explanation and perhaps case studies are needed to help explain more fully the rationale and what they would expect in the future.

Derogation, FORL supports the principle of self-derogation by the TO's. This C&M principle can **only** work if the recent SQSS review, which started over a year ago, is now completed. It is important that the SQSS review process is resolved as soon as possible as the C&M principles will only work in the highly meshed network areas and leave the high renewable generation areas, such as NW Scotland and N Wales with significantly reduced benefit. It is also essential that review takes into account the future dynamics of generation background and actively considers renewable generation at its core.

Resolving the SQSS should then allow the full benefit of socialised connect and manage to be realised. Further clarity on the process of self derogation and the

checks and balances that will be put in place would be particularly helpful to all involved.

User Commitment, The proposal to extend the notice given by generators from 5 days to 1 year and 5 days seems appropriate but FORL would not want to see this extended any further.

Transition Arrangements, FORL feel that this new regime should be introduced as quickly as possible and then to follow up with the SQSS review as soon as possible too. Any transitional projects should be offered the opportunity by National Grid to either retain the Interim Connect and Manage offer that they currently have or to be able to migrate at no cost to the enduring connect and manage if they feel it appropriate.

Transmission Charging, As part of the SQSS review, it would seem appropriate to review the TNUoS charging methodology as at present it seems to be unbalanced. FORL feel that cost reflectivity is important but the values being seen currently from penalising highly Northern Scottish generators and paying southern generators is wrong. In the past this methodology may have been appropriate as a strong locational signal, but most renewables need to be very closely located to the fuel resource.

Industry Codes, FORL agrees with DECC that National Grid's licence, Ofgem's statutory duties and the Social & Environmental Guidance to Ofgem need to align with the Government's enduring solution. It is essential that the final new regime be 'hard wired' with legislation to prevent the opportunities that could be derived from socialised connect and manage to be destroyed by future modification proposals.

If you have any comments or require further clarification on any of the points raised in this response, please do not hesitate to contact me.

Yours sincerely,



Graeme Cooper

Policy, Regulatory and Compliance Manager
Fred.Olsen Renewables Ltd.

