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

by email to gridaccess@decc.gsi.gov.uk

Dear Sir,

Re: CONSULTATION RESPONSE
Improving Grid Access – Technical Consultation on the Model for Improving Grid Access

The Infinis group of companies ("Infinis") is one of the UK's leading renewable power generators and a leader in the UK landfill gas-to-electricity market.

In the year to 31 March 2009, we produced over 11% of the UK's renewable power, employing 452 people across 136 operating sites with an aggregate generating capacity of 411MW.

Infinis welcomes the opportunity to comment on the above consultation document. The current arrangements for Interim Connect and Manage appear to have been broadly successful in dealing with the grid queue and providing connections close to the required dates and Infinis is pleased with the proposals to extend this to an enduring solution. However, we would stress the need to review security charging arrangements, and the application of the proposals to distributed generators, as soon as possible in order to give support to Government policy for smaller scale renewable energy developments.

Furthermore, Infinis is encouraged by your statement proposing to socialise the resulting constraint costs. Infinis generally supports the consultation proposals and views the changes as a logical and welcome development in accelerating the rate of renewables deployment so that the UK can meet its renewable energy obligations and carbon reduction targets.

Infinis are also appreciative of the plans to roll out the enduring arrangements in June 2010. However, whilst Infinis agrees that any connection methodology applied should be introduced as quickly as is possible, it should additionally: provide clarity on costs relating to the full life cycle of the generation plant in advance of connection, address the consultation concerns and be as simple and transparent as possible in order to incentivise investment. If any uncertainty is created then this is likely to have a detrimental effect in the immediate term.

Infinis's comments on the key individual components are outlined below.

Connect and Manage
As the current model of Interim Connect and Manage has already been shown to allow the connection of some generation earlier than would have been possible on an invest and connect model, and as the system is also generally understood across the industry, using

this method as a basis for the enduring regime appears to be a rational approach with which to proceed. This, in addition to maintaining the existing connection application, offer and review processes, should ensure that the number of modifications required to the regulatory framework are kept to a minimum, and therefore the overall regime for connection should remain as clear as possible.

Self Derogation

In relation to the potential introduction of the enduring Connect and Manage regime, Infinis supports the proposal for self-derogation by the GB Transmission Owners. Whilst it is unclear whether this approach would radically accelerate the overall connection process in practice, if it enables a more streamlined governance of the connection process then this should in turn be of benefit to the industry.

Our main concern with the self-derogation proposal is the requirement for formal reporting and discussion to take place between TO and SO before a derogation is to be granted. Under the proposals this process will require a relatively lengthy period of time (up to 160 days) until a conclusion is reached. Distribution connected Generators are likely to find a mis-match in their offer acceptance timescales and the GB System Operator veto on self derogation because of the shorter time-frames (usually 30 days) for acceptance of connection offers from DNOs. This, coupled with the significant capital payments upon acceptance of a distribution network connection offer, may deter investment in projects with distribution connections without GB SO approval. Whilst we note that the consultation does not envisage the enduring regime applying to all distributed connections, in practice this is likely to affect a growing number of small Generators given that, in some parts of the network, connections of over 1MW are being referred to NGET under the statement of works process.

It is also not clear on what recourse, if any, a Generator may have if they disagreed with NGET's decision on derogation and the timescales involved in resolving such a dispute.

Socialisation of Costs

Infinis are also supportive of the proposal for the socialisation of the increased costs of managing the network under the new Connect and Manage regime. Socialisation should allow Generators to have some clarity on their ongoing network charges, in comparison to some of the other methods proposed within Part 1 of the consultation. This, and the increasing probability of reduced overall charges for projects in the north of the UK, will have the obvious benefit of allowing the creation of a more definite investment case for individual projects. This is therefore a system which is likely to be suitable in encouraging investment in areas with the greater renewable energy resource.

However, it is not clear in the consultation how the costs will be socialised. For example, will these be merged into the future BSUoS charges or charged as a separate element? Without this clarity, it is difficult to make an accurate assessment of the impact of the proposals.

User Commitment Period

One of the expected consequences of a Connect and Manage scheme is the increased potential for economically inefficient investment in the GB grid networks resulting from undertaking reinforcements in advance of generator connections and from potential disconnections. Infinis agrees that extending the User Commitment Period will help reduce

the risk of economic inefficiencies which will benefit the industry and will reduce the potential of higher and unwarranted operating costs.

However, Infinis would not support an extension beyond the proposed 1 year timeframe as it could then become a driver in programming the decommissioning of plant to save expenditure. It could therefore reduce the duration of project operations which would not be in line with the aims of maximising deployment of renewables and low carbon generation.

Enabling Works

The definition of 'enabling works' is of significant importance to Generators as this will dictate the cost and date for a connection. It is important that all Generators are treated equally in respect of this issue no matter where in the country a Generator's assets are situated, irrespective of the relevant TO for the connection.

The enabling works are defined in reference to MITS sub stations. It is Infinis's opinion that this concept is poorly defined, not widely understood and is not currently supported by information which would allow a Generator to predict the implications for proposed new projects. The absence of such clarity and definition is likely to result in more speculative applications to NGET to seek costs and timescales for connections. This is not only an inefficient use of NGET resources but also results in the Generator/Developer wasting time and money on projects that might not be viable.

For this reason, Infinis feel that examples of various connections, supported by the MITS map, should be given within any guidance documentation, including the GB SQSS. Infinis therefore welcomes the proposal to include the MITS map in the seven year statement. It is also therefore of significant importance that the SQSS review is completed as soon as possible following this consultation

It would have been useful to include a draft MITS map in the consultation document so any comments could be addressed before inclusion into the seven year statement.

Transition Arrangements

Infinis's opinion is that there is little difference between Interim Connect & Manage and the proposed enduring arrangements of Socialised Connect & Manage and that this proposal would work satisfactorily in tandem with self-derogation. However, this is likely to be reliant upon successful completion of the SQSS review the review of user commitment and security arrangements, consideration of National Grid's role as System Operator and investment in infrastructure in order to deliver projected developments in the future.

Transmission Charging

DECC have indicated that the socialisation of constraint costs should not undermine the position of TNUoS charges. However, Infinis believes that charging needs to be reviewed in a holistic manner, considering TNUoS charges alongside socialised constraint costs, in order to fully facilitate the realisation of an efficient, diverse and expansive system. The enduring regime will not do anything to address the discrimination from the existing TNUoS charging mechanism. This is evident in Scotland where the charges are the highest in the UK but where there is also the maximum potential for onshore renewable generation deployment. Infinis also reiterate that resolution of the SQSS review is also essential in resolving the potential ongoing issues around this issue.

Summary
Infinis supports the Consultation proposals and would welcome speedy introduction of the enduring regime. However, if the short timescales result in any uncertainty on detail or the application of the regime to any class of Generator, then this would have a detrimental effect in the immediate term. It is therefore of great importance that the outcome of the consultation is clear and concise, and that the transitional arrangements are kept as simple as possible.

Yours faithfully,

Steven Hardman
Director of Wind and Major Projects

On behalf of Infinis plc