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BWEA
Delivering the UK's wind, wave and tidal energy

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Adam Simms,
Electricity Charging and Access Development
UK Transmission Commercial
National Grid

10th February 2010

Dear Adam,

Charging for large Loss Frequency Response GB-ECM-19,
BWEA Response

BWEA was established in 1978 and is the representative body for companies active in the UK wind, wave and tidal energy market. Its membership has grown rapidly over recent years and now comprises over 500 companies, representing the vast majority of connected wind, wave and tidal capacity. The UK has a rich variety of renewable energy resources and the largest wind, wave and tidal resources in Europe. These resources must be exploited to meet UK, European and Global needs to reduce greenhouse gas emissions and avert the runaway effects of global temperature rise.

Overview

This proposal is one of a number of consultations on charging at present. It highlights a **concerning degree of inconsistency and discrimination** which points strongly to a need to completely overhaul the regulation of charging.

For example we note:

- This pre-consultation proposes to allocate costs on a long term, stable and non-cost reflective (or very weakly cost reflective) basis;

And conversely:

- The recent proposal for LBSUOS GB ECM-18 was seeking to allocate costs on a short term, unstable and totally cost reflective basis.

It appears therefore that there is no logical and consistent approach to charging proposals, including the propensity to overturn previous decisions and which unfortunately could be seen as discriminating against renewable energy technologies.

Specifics

As our response is more generic than your questions please accept these points on that basis.

1. Wind turbines are relatively small generators typically less than circa 3MW in rating. The impact of the simultaneous trip of one, two or even several of these generating units will have no impact on the spinning reserve requirements. There are no scenarios where a common mode failure would cause simultaneous tripping, except in failure of the electrical grid connection. In a cost reflective system, wind turbines should not be liable for any spinning reserve costs, unless they are amalgamated into groupings of over 300MW[1], and connected by a single electrical element, and therefore vulnerable to an instantaneous loss of 300MW.

2. It is important that the price signals are set correctly now. Industry investment is affected when changes to rules are retrospective – pushing up the cost of capital and therefore costs to the consumer.

3. The charging regime for spinning reserve not only impacts on large power stations and generating sets but could also influence the design approaches for large offshore windfarms and for interconnectors, as these projects can be designed and specified in ways which could increase, or conversely, have no impact on spinning reserve costs.

4. In assessing options, National Grid should consider the two cost components i.e. "holding" costs and "operating" costs. Even if a large infeed never trips, there is still a cost of "holding" the reserve. Every time there is a trip, the reserve operates and has to be restored, the more trips the greater are "operating" costs.

5. National Grid should consider the New Zealand market which has evolved targeted and cost reflective charging mechanisms for spinning reserve. There may be other markets with other mechanisms that should also be considered.

6. With the development of smart grids we would expect more options to provide "spinning reserve" e.g. from demand management. However, resources which are delivering a spinning reserve service will not be available to provide other longer timescale reserve services. It would therefore be difficult to predict how these new technologies might affect the costs of spinning reserve.

BWEA would welcome the opportunity to discuss any aspect of this response, please don't hesitate to contact me.

Yours sincerely,

Guy Nicholson CEng MIET MEI Head of Grid for BWEA

[1] Consultation Report Section 4.2 Page 7.