

## **North Wales Wind Farm Connection**

**Postscript to Response by Robin Barlow (Your reference: 10031190) on Nov 13th**

**To Response by SP Manwebs new submission of 2<sup>nd</sup> November 2015 on Lifetime Costs**

It is interesting to compare the cost of undergrounding with the subsidies handed out for Green energy.

Ofgem in 2013/14 gave out 62.8 million Renewables Obligation Certificates worth £42.74 each. This was for the production of 49.6 Terrawatt hours of electricity so that 1Kw hour generated received a subsidy of 5.4p. Now according to the SPM submission the NWWF will produce an average of 41Mw power or 0.35 Terrawatt hours per year and thus receive £18.8 million of subsidy per year - in addition to the normal price of electricity. (there may be a slight discount due to onshore windfarms receiving only 0.9 ROCs per unit, but this is immaterial). Now the normal ratio for dividing up my electricity bill is 50% to the producer and 25% to the distributor so that it could be argued that SPM should receive around £4.7m per year of this subsidy. Lots of wiggle room to pay for a bit of undergrounding. (It could be argued that the split is 67% : 33% as the other 25% for VAT and green levies does not apply at this level). In addition SP Manweb gets 25% of the normal electricity price but that would include end-user distribution.

Now I appreciate that as a layman I do not have full access to the algorithms for calculating and dividing up the payments, nor have I access to the real economics for SPM as to what Ofgem lets them charge as ROC (return on capital) for their regulated assets. Thus the figures above are approximate, but large compared to the cost of undergrounding. Equally SPM has chosen not to open up on these matters in its consultation.

<https://www.ofgem.gov.uk/publications-and-updates/renewables-obligation-ro-annual-report-2013-14>