



BY EMAIL

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2 December 2015

Dear Sirs

PLANNING ACT 2008

APPLICATION BY SP MANWEB FOR DEVELOPMENT CONSENT FOR THE NORTH WALES WIND FARMS CONNECTION

REFERENCE: EN020014

SP Manweb Plc ("SP Manweb") has made an application for development consent ("Application") for a 132 kV Overhead Line together with required pedestrian and vehicular access, temporary construction compound, construction lay areas, mitigation planting and other integral works ("Proposed Development").

When the Application was made on 20 March 2015, SP Manweb had a contracted position (meaning that signed connection agreements were in place) with four wind farm developers associated with the North Wales Wind Farms Connection Project (RWE Innogy UK (Clocaenog wind farm), Brenig Wind Ltd (Brenig wind farm), Vattenfall Wind Power Limited (Nant Bach wind farm) and Tegni Cymru Cyf (Derwydd Bach) (the developer has since changed to Melin Derwydd Ltd).

SP Manweb disclosed to the Examining Authority, by way of letter dated 26 August 2015, that the connection agreement with the developer of the Nant Bach wind farm, Vattenfall Wind Power Limited ("Vattenfall"), had been terminated. The consequences of the termination were fully considered in SP Manweb's deadline 1 submission (Examination library reference REP1-056). Three issues were considered pertinent:

1. Did the termination of the Vattenfall connection agreement change the conclusions of the Strategic Options Report (Examination library reference APP-156). In short, an addendum to this document was produced (Examination library reference REP1-062), which confirmed that the termination of the Vattenfall connection agreement did not change the conclusions of the Strategic Options Report and therefore the Proposed Development remained the appropriate, and necessary, solution for the remaining three wind farms.
2. Whether the termination of the Vattenfall connection agreement affected the funding of the Proposed Development. It was confirmed in SP Manweb's deadline 1 submission (Examination library reference REP1-056) that it did not;

3. Whether the termination of the Vattenfall connection agreement changed the existing Environmental Impact Assessment. Again, it was confirmed in SP Manweb's deadline 1 submission (Examination library reference REP1-056) that it did not.

SP Manweb is writing to the Examining Authority now to notify it that the developer of the Derwydd Bach Wind Farm, Melin Derwydd Ltd, has decided not to continue the development of their 10 wind turbines wind energy project at this time and its connection contract with SP Manweb has been terminated.

The two remaining wind farms with connection agreements in place with SP Manweb are Clocaenog Forest Wind Farm and Brenig Wind Farm.

It is a matter of public record that the two developers of Clocaenog Forest Wind Farm and Brenig Wind Farm were successful in obtaining a Contracts for Difference (CfD) Allocation in the Round One Outcome (as such, these wind farms will not be able to access, or require, support pursuant to the Renewables Obligation regime). SP Manweb informed the Examining Authority of this position in a signed statement issued to the Examining Authority in Appendix 7 to its Oral Summary to the Compulsory Acquisition Hearing (Examination library reference REP3-035). The Government announced its decision on CfDs on 26 February 2015, which identified both Clocaenog Forest Wind Farm and Brenig Wind Farm as being successful applicants. SP Manweb understands that this arrangement remains secure and is unaffected by the 18 June 2015 Written Ministerial Statement regarding the Renewables Obligation regime.

The contracted generation capacity of these two wind farms accounts for 125MW (73.5%) of the total 170MW of the original contracted generation. It is noted by SP Manweb that it is a prerequisite for obtaining a CfD contract that developers have relevant planning consent, land rights and a signed grid connection.

As a result of the termination of the connection agreement between Melin Derwydd Ltd and SP Manweb, SP Manweb is required to carry out the same assessment as it had previously when the connection agreement with Vattenfall was terminated. Those same matters referred to at (1) - (3) above applies equally here:

1. SP Manweb has produced a further addendum to the Strategic Options Report, to consider the effect of the termination of the Melin Derwydd Ltd connection agreement and whether the Proposed Development is the most appropriate technical solution. The Strategic Options Report – Addendum 2, which is enclosed with this letter, confirms that it is.
2. Following the termination of the Vattenfall connection agreement, SP Manweb set out its position on funding at paragraph 2.8 of SP Manweb's responses to first written questions (Examination library reference REP1-056). It produced a further funding statement for deadline 3 (Examination library reference REP3-035, Appendix 7). An addendum to this further funding statement, which considers the funding implications of the termination of the Melin Derwydd Ltd connection agreement, has been produced and is enclosed with this letter. This addendum confirms that the funding position does not change. The Proposed Development will be funded by the remaining two wind farm developers. Letters from the two wind farms confirming their commitment to their respective project are attached to this funding statement addendum.
3. The Environmental Impact Assessment considers the wind farms as part of its cumulative assessment. SP Manweb considers that the termination of the Derwydd Bach Wind Farm connection agreement does not change this position. The planning permission to construct the Derwydd Bach Wind Farm remains extant and could still be constructed. Therefore, it is correct that the cumulative assessment continues to consider the Wind Farms (i.e. the four wind farms) as part of the cumulative assessment.

SP Manweb remains under a contractual duty, and a statutory duty, to provide a connection to two wind farms (Clocaenog Forest Wind Farm and Brenig Wind Farm). SP Manweb considers that the Proposed Development is still required. SP Manweb would only acquire the necessary land rights and construct the Proposed Development once the contracted developers had paid the necessary costs under the terms of their connection agreements, as stated in its Funding Statement contained in Appendix 7 to its Oral Summary to the Compulsory Acquisition Hearing (Examination library reference REP3-035).

If you have any queries in relation to this submission, then please do not hesitate to contact me.

Yours sincerely

A solid black rectangular box used to redact the signature of Steven Edwards.

Steven Edwards
Land & Planning, SP Energy Networks for SP Manweb

Enclosures:

1. Strategic Options Report – Addendum 2
2. Addendum to the Explanation from SP Manweb (dated 30 September 2015) on how the North Wales Wind Farms Connection Project will be funded