

# The future of renewables: A utility company view

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# Introduction to Centrica



- Better known to consumers through its leading British Gas and Scottish Gas operations
- Supplies 10 million gas and 6 million power customers across Britain
- Delivers many other energy related services to millions more customers from central heating installation to appliance care
- Centrica Energy sources the gas and electricity to supply customers through its own upstream gas production and electricity generation facilities and through wholesale and gas trading

# Why are we developing renewable projects?

- Government obligation on all suppliers to source an increasing amount of renewable power
- By 2010, 10% of power must come from green sources (15% by 2015)
- By reducing carbon emissions, generating clean green power will help meet Government targets to tackle climate change
- Investing in renewables will create greater diversity of power generation as Britain becomes more dependent on imports of gas
- To help meet these targets, Centrica has committed to invest around £750 million in coming years developing renewable assets

# Our projects

## Onshore (full commercial generation)

- Glens of Foudland 26MW

## Offshore

### • Round 1 (Consented)

- Barrow Offshore Wind 90MW  
(50% JV - DONG)

- Lynn 90MW

- Inner Dowsing 90MW

### • Round 2 (Consents to be sought)

- Lincs 250MW

- Docking Shoal 500MW

- Race Bank 500MW

**Total 1,546MW**



# Transmission Capacity (1)

- A scarce resource!
- Reinforcement is undoubtedly required
  - Price control capex forecasts for LR expenditure
- The current regime does have problems
  - GB queue
  - Final Sums Liability - an issue for all new generation projects

## Transmission Capacity (2)

- Long lead times for construction
  - But should there be unconstrained access?
  - Constraint costs
  - Is the trade off between construction costs and balancing costs real?
- Who pays?

# Generation Capacity

- Locational issues: generation isn't located close to demand centres
- Total generation margins look healthy
- But there are constrained power flows from North to South
- Locational signals need to be considered

**Q&A**