

From: Mrs Sydney Charles

To Andrew Self

Herewith my response to the 'Targeted Charging Review: Minded to decision and draft impact assessment'. I am Secretary of Community Energy London, Vice Chair of en10ergy a north London community energy group with three installations so far and a member of Horsey and Wood Green Labour Climate Change and Environment Group, but the views are all my own. I also have solar panels on my property, which has a low electricity usage.

1. Do you agree that residual charges should be levied on final demand only?

No. (I presume that this should say 'final demand users' (ie final bill payers) and not to a pre kWh charge.) See 15 for explanation of the need for the principles to address tax payer involvement, to level the playing field between fuel types.

2. Do you agree with how we have assessed the impacts of the changes we have considered against the principles? If you disagree with our assessment, please provide evidence for your reasoning.

No. and see 15 for explanation on how the choice of these Principles is contrary to UK obligations to reduce carbon emissions.

a)Reducing harmful distortions

The main harmful distortion is that the Government has decided that bill payers will pay the 'renewable subsidies' aka the Levy Control Framework costs for renewables, smart meters etc (but not for other new electricity sources). This is contrary to the advice from their Economic advisor Dieter Helm who explains that bills are going up, despite wholesale prices going down because of legacy Government interventions. These elements of bills (though generally not transparent) are characterised in the media as somehow the fault of the green lobby, and Helm suggests that there could be protests from hard pressed citizens paying for over expensive Government interventions with this approach.
<http://www.dieterhelm.co.uk/energy/energy/why-arent-electricity-prices-falling/>

b) Fairness

- The proposals are contrary to BEIS minister Greg Clark's recent speech <https://www.gov.uk/government/speeches/after-the-trilemma-4-principles-for-the-power-sector> emphasising 'No free riding principles'. It is unfair and catastrophic that polluters don't pay.
- Unfair on fuel poor low users who will have to pay more. "Solar PV and Solar PV and battery users will see increased charges in all cases. This is because, currently, the use of these technologies substantially decreases the contributions users make to residual charges, for those with the lowest consumptions" (p46)

- Unfair that users with high usage, due to wasted heat etc would pay less, again contrary to UK policies to achieve massive energy efficiency programmes.
- Unfair on small generators who will have to pay more, especially if retrospective based on trusting Government policies
- Unfair on the small generators who rely on Generation Distribution Use of System Credits (GDUoS) that directly enable the distribution system to not need extra capacity for intermittency
- Unfair, as it does not address the variability between locations with plenty of capacity and those needing new infrastructure. As a UK wide network the cost of new infrastructure should be shared evenly.
- Also unfair that Ofgem workshops to explain this were only open to large generators, not small and community bodies. As per the legal challenge re Capacity Market fairness, these decisions could be challenged.

c) Proportionality and practical considerations

The contrast of subsidies for Nuclear and Oil, particularly end of life subsidies with the approach to new zero carbon capacity is stark and out of proportion. *“politicians seem unwilling to confront the polluters with the costs they cause.....and prefer less efficient and hence more expensive choices....”*

<http://www.dieterhelm.co.uk/energy/energy/why-arent-electricity-prices-falling/>

The practical considerations that are needed should have included requirements for bills to clearly and consistently show what legacy ‘renewable subsidies’ are. For instance they include smart meters and paying diesel and coal generators for power, within hidden Levy Control Framework elements. Hiding this allows the anti ‘green crap’ myth to endanger our carbon reduction progress.

3. For each user, residual charges are currently based on the costs of the voltage level of the network to which a user is connected and the higher voltage levels of the network, but not from lower voltage levels below the user’s connection. At this stage, we are not proposing changes to this aspect of the current arrangements. Are there other approaches that would better meet our TCR principles reducing harmful distortions, fairness and proportionality and practical considerations?

Yes. Take out the legacy elements. See 15.

4. As explained in paragraphs 4.41, 4.43, 4.46, 4.49, 4.80, we think we should prioritise equality within charging segments and equity across all segments. Do you agree that it is fair for all users in the same segment to pay the same charge, and the manner in which we have set the segments? If not, do you know of another approach with available data which would address this issue? Please provide evidence to support your answer.

No. Consumers who provide electricity and peak load levelling should be rewarded in a fair business way for their contributions.

- 5. Do you agree that similar customers with and without on-site generation should pay the same residual charges? Should both types of users face the same residual charge for their Line Loss Factor Class (LLFC)?**

No, unless they pay the same residual charges and then generators are paid fairly for their contribution to UK decarbonisation. This goes against BEIS minister Claire Perry's rhetoric about the importance of local generation
<https://www.energylivenews.com/2019/01/08/claire-perry-from-power-stations-to-solar-panels-the-future-is-local/>

- 6. Do you know of any reasons why the expected consumer benefits from our leading options might not materialise?**

Wholesale prices, and therefore actual bill totals will swamp any benefits for some consumers, whilst leaving the unfairness and lack of consideration of climate breakdown still in place.

- 7. Do you agree that our leading options will be more practical to implement than other options?**

No comment.

- 8. Do you agree with the approaches set out for banding (either LLFC or demanding for agreed capacity)? If not please provide evidence as why different approaches to banding would better facilitate the TCR principles.**

No comment.

- 9. Do you agree that LLFCs are a sensible way to segment residual charges? If not, are there other existing classifications that should be considered in more detail?**

No comment.

- 10. Do you agree with the conclusions we have drawn from our assessment of the following? a) distributional modelling b) the distributional impacts of the options c) our wider system modelling d) how we have interpreted the wider system modelling? Please be specific which assessment you agree/disagree with.**

No comment

- 11. Do you agree with our proposed approach to the reform of the remaining non-locational Embedded Benefits?**

No. The UK needs to encourage and incentivise all providers of (zero carbon) stand by capacity.

12. Do you agree with our proposal not to address any other remaining Embedded Benefits at this stage? Which of the embedded benefits do you think should be removed as outlined in xx? Please state your reasoning and provide evidence to support your answer.

No comment

13. Are there any reasons we have not included that mean that the remaining Embedded Benefits should be maintained?

The UK needs to encourage and incentivise all providers of (zero carbon) stand by capacity. "BSUoS charges: payments. Smaller embedded generators can get paid for helping suppliers reduce their contribution to the costs of balancing the system. Suppliers pass on most of these savings to smaller embedded generators through contractual arrangements and then recover the cost of these payments from other customers. These payments directly add to consumer cost" is absolutely fair, and also lower cost than needing to install more infrastructure as more heat pumps and electric vehicles in the UK need more power.

14. Do you agree with our proposed approach to transitional arrangements for reforms to: a) transmission and distribution residual charges b) non-locational Embedded Benefits? Please provide evidence to indicate why different arrangements would be more appropriate.

No comment

15. Do you agree with our minded to decision set out? If not please state your reasoning and provide evidence to support your answer.

No. Because the decision is based on the Principles of a) Reducing harmful distortions b) Fairness c) Proportionality and practical considerations (but see 2), whereas the Government is legally committed to reduce carbon emissions, and is minded to contribute to global attempts to restrict warming to 1.5degC. CCC's Chris Stark says: <https://www.theccc.org.uk/2019/01/11/chris-stark-2019-promises-some-of-the-most-important-work-weve-ever-produced/> *"The lesson from last year's IPCC report is not – as some have said – that we have 12 years to respond to climate change, it's that we must act immediately."* Climate is not mentioned at all in the paper and carbon is only mentioned in terms of new efficient CCGT plants – not as a pre-requisite to encouraging new small scale renewables and participation in ways to even out peaks and troughs. The latter is needed to avoid new infrastructure, but the savings to bill payers were not considered.

"We have been mindful of our environmental obligations and have formally assessed the carbon impacts of proposed reforms. In doing so we are trying to be fair, proportionate and practical" (p13) has no evidence, and reducing incentives for small scale generators is patently not mindful of environmental obligations. The theoretical aspiration that "more efficient CCGT generation and increased

interconnection imports” will reduce carbon emissions in no way makes up for the loss by disincentivising small scale generators.

The underlying issue that someone needs to pay for new zero carbon electricity, ongoing costs of past energy policies and for the use of electricity infrastructure is not served by this ‘minded decision’. “Consumer Costs represent the costs faced by consumers via their electricity bills. This includes wholesale energy costs, network charges, renewable subsidies, capacity market payments and any other charges passed on by suppliers, such as the triad avoidance payments made to on-site generation.” (p63)

If consumers paid a share of UK total infrastructure costs, according to their maximum capacity, but generators received a return commensurate with the contribution they make to a) UK zero carbon capacity, b) levelling the load to avoid new infrastructure, that would be fairer. But legacy elements should be clearly explained on bills, and all suppliers should offer the same time of use deals.

16. For our preferred option do you think there are practical consideration or difficulties that we have not taken account of? Please provide evidence to support your answer.

It does not take account of the urgency of decarbonising the UK energy sector straight away, or of the misinformation about the decarbonising elements of bills – that are hidden and inconsistent across suppliers.

Regards

Mrs Sydney Charles

[En10ergy](#)