



Submitted via email at
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Dear TCR team,

Good Energy Response to the Future Charging and Access Supplementary Analysis

Thank you for the invitation to respond to the proposed changes to the Ofgem's consultation on supplementary information and analysis to the TCR minded-to decision. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. Good Energy is working towards a 100% renewable future, helping to support technologies including wind, solar, biofuel, hydro and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Summary

- The BSUoS Task Force was not given adequate time to consider and consult on the views presented in the report – this seems to have limited the level of due diligence taken in its analysis.
- Many of the assumptions underpinning their analysis are not compatible with the CUSC objectives, which will cause significant problems during implementation.
- The Community Renewables counterfactual used in the updated impact assessment is based on an 80% emissions reduction by 2050, not the net-zero that is now required by law.
- Despite Ofgem recently considering changes to implementation timelines, the siloed approach to charging reform presents a real and tangible threat to renewable generation.

BSUoS Task Force

Our full response to the Task Force is **attached to this email**, but to summarise:

Some of the conclusions drawn by the Task Force indicate that they were given insufficient time to produce their response, limiting their ability to undertake a required level of due diligence. For example, the assertion that “The majority of demand customers currently do not have the ability to react to BSUoS as a signal. This is mainly because demand usually does not have the visibility of BSUoS as a separate cost and therefore cannot react to it.” Given the majority of demand users are charged on a Non-half-hourly basis – even access to BSUoS prices would not create an incentive for them to react to it. Therefore, this is not an issue of information, but settlement.

In order to meet the TF's Terms of Reference, **Industry stakeholders were given ten working days to respond to the Task Force's 92-page report. We do not feel that this is an adequate amount of time to respond.** Given the relative complexity of the matters at hand, this will have precluded many stakeholders – particularly those with fewer resources - from submitting a considered response. This

limited opportunity to respond, coupled with the nature of the planned reforms will have meant that is evidence submitted is unlikely to have been an accurate representation of industry views.

Finally, we noted in our response that **the Task Force departs from the objectives of the CUSC, and the traditional economic doctrine on which they are based.** That some CUSC parties can better interpret and respond to BSUoS forecasts is a natural consequence of competition in supply – the facilitation of which is a key objective of the CUSC. Additionally, objective to deliver cost-reflective charges is not contingent on any participant's ability to respond to such signals – the task force assumes the opposite. This overlooks the fact that economic signals which cannot currently be responded to drives innovation, as users seek ways to better forecast and respond to them, in order to minimise costs. Changes to BSUoS will largely have to be enacted through CUSC modifications, and so where proposals – and their underpinning assumptions – run counter to code objectives, problems will almost certainly arise during implementation.

Carbon Values

We note that **the updated BEIS carbon values have resulted in significantly higher system costs** than those ascertained from the National Grid FES values, particularly so when using the Alt FES Community Renewables as a baseline. This scenario was one of two proposed by National Grid which would deliver the UK's then legal obligation of an 80% reduction in carbon emissions by 2050. As of June 27th, however, this has changed to a net-zero obligation.

Given that this consultation was published a week prior, on the 19th, it would not have been able to account for the revised targets. However, it is important to consider the consequences of network reform for a new net-zero obligation. National Grid have since updated their Future Energy Scenarios work to incorporate a Net Zero target.¹ Some of the underpinning assumptions – such as a significantly increased level of Demand Side Response capacity relative to the Community Renewables scenario – will mean that the cost of system and cost to consumer will likely look very different to those currently forecasted.

We were pleased to see that Ofgem have recognised the need to decarbonise as a key objective in their latest Strategic Narrative publication.² As such, **we would encourage Ofgem's forthcoming analysis to consider how the Future Charging and Access programme might affect efforts to further decarbonise the power sector**, which has a significant role to play in achieving economy-wide 100% emissions reduction. Elements of the TCR for example, which will undermine investment in behind-the-meter generation and storage – essential elements in delivering a low-carbon energy system.

Need for a joined-up approach

We have welcomed the recent reconsideration of the implementation timelines associated with the TCR and Forward Looking & Access workstreams. We have recommended that new residual charging arrangements should be implemented in April 2023, in line with the Access and Forward-Looking

¹ <http://fes.nationalgrid.com/media/1409/fes-2019.pdf>

² <https://www.ofgem.gov.uk/system/files/docs/2019/07/our-strategic-narrative-2019-23.pdf>



Charges SCR. Additionally, embedded benefit arrangements should also be brought into line with the other changes in 2023.

However, while consideration is now being granted to implementation timelines, **it is not clear that energy policy and regulation are being considered holistically with regard to the *nature* network reform.** Certain parts of the industry are of the view that network regulation should be completely isolated from wider energy policy. The highly consequential relationship network charging has with many other parts of the energy industry cannot be ignored, and due diligence must be given to all possible implications.

As we have highlighted in previous responses, **charging arrangements are key to the viability of small-scale generation and flexibility technologies, and consequently the UK's transition to a low carbon energy system.** It is vital that the TCR, Network Access and Forward-Looking Charges, and BSUoS workstreams proceed in sync with each other, and with the obligation we all have to decarbonise our energy system in mind.

I hope you find this response useful. If you have any questions, please do not hesitate to contact me.

Kind regards,

Kit Dixon
Regulatory Affairs Officer