



R-Gen Renewables Ltd
Stobo House
Roslin
Edinburgh
EH25 9RE

25th August 2021

Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

FAO: Mr Patrick Cassels, Head of Electricity Network Access

Re: Access and Forward Looking Charges Significant Code Review

Dear Mr Cassels,

R-Gen Renewables Ltd would like to submit the responses to the questions as laid out in the consultation paper.

Connection boundary

Question 3a: Do you agree with our proposals to remove the contribution to reinforcement for demand connections and reduce it for generation? Do you think there are any arguments for going further for generation under the current DUoS arrangements? Please explain why.

No comments.

Question 3b: What evidence do you have on the effectiveness of the current connection charging arrangements in being able to send a signal to users and what do you think will be the effect of our proposed changes? How does this vary between demand and generation connections?

No comments.

Question 3c: What are your views on the effectiveness of the current arrangements in facilitating the efficient development and investment in distribution networks? How might this change under our proposals where network companies are required to fund more of this work?

No comments.



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Question 3d: Do you agree whether the need to provide connection customers with certainty of price reduces the potential for capacity to be provided through other means such as flexibility procurement? How might this change under our proposals?

No comments.

Question 3e: What are your views on whether we should retain the High Cost Cap? Is there a case for reviewing its interaction with the voltage rule if customers no longer contribute to reinforcement at the voltage level above the point of connection?

We believe it is important this is reviewed. There is potential for the benefits of the move to a shallow connection boundary to be completely negated if the High Cost Cap remains the same.

Question 3f: What are your views on the recovery of the costs associated with transmission that are triggered by a distribution connection? Does this need to be considered alongside wider charging reforms or could a change be made independently?

No comments.

Question 3g: What are your views on the likelihood of inefficient investment under our proposals (e.g., an increase in project cancellations after some investment has been made)? Are there good arguments for further considering introducing liabilities and securities to mitigate this risk?

Current liability and security rules are a major issue for small developers, especially prior to securing planning consent for a project. Increasing these burdens could force small independent developers out of the market.

Question 3h: What are your views on whether the interactions between our connection reforms and the ECCR must be resolved before we are able to implement our proposed reforms? How do you factor in the effects of the ECCR (if at all) into decision making, given the levels of uncertainty around subsequent connectee(s)? What suggestions do you have to make our policy and the ECCR work together most efficiently?

There is a question of fairness of the proposed grandfathering rights to subsequent connectee(s), however, there is not an obvious mechanism available to level the playing field.



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Question 4a: Do you agree with our proposal to introduce better defined non-firm access choices at distribution? Do you have comments on their proposed design?

Non-firm access is one of many variables in a development project that are factored into financial modelling with a degree of accuracy based on experience. Good availability of historic curtailment data is the key to improving the accuracy of curtailment assessments.

Question 4b: Do you agree with our proposal to introduce new time-profiled access choices at distribution? Do you have any comments on their proposed design?

No comments.

Question 4c: Can you identify any benefits to shared access rights, which would indicate we have underestimated the likely take-up?

Shared access rights have the potential to enable local demand generation balancing, of course dependent on how it is implemented.

Question 4d: Do you have any comment on our proposed choice about how to reflect access rights in charges (i.e. connection and/or distribution use of system charges)?

No comments.

Question 4e: Do you agree with our proposal to not prioritise the introduction of new transmission access choices as part of this Significant Code Review?

No comments.

Question 4f: Do you have views on how access rights should be standardised across DNOs?



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Yes, it is important that this is regulated and that there is no variety between DNOs on access rights. If not, it is likely that some areas of the country could be disadvantaged due to DNOs making their own rules to suit themselves.

Question 4g: Do you have any views on our proposed timescale of 1 April 2023 implementation?

No comments.

TNUoS charges for SDG

Question 5a: Do you have any evidence that SDG does not contribute to flows in the same way as large generation and, therefore, should not be charged on a consistent basis?

No comments.

Question 5b: Do you agree with our threshold for applying TNUoS generation charges of 1MW? If not, what would be a better threshold and why?

No comments.

Question 5c: Do you have any evidence that distribution connected generation at a grid supply point has a different impact than directly connected generation?

No comments.



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Question 5d: Do you have a preference for one of our options for addressing the local charging distortion? If so, please indicate which option and provide your reasons. Are there any options we have missed?

No comments.

Question 5e: Do you support our position that we should consider transitional arrangements? If so, do you have a preferred option and evidence to support the benefits or risks associated with each option?

No comments.

Question 5f: Have we identified all the options for administering TNUoS generation charges for SDG? If not, what options have we missed, and why would they be preferable to those we have identified? Can you provide any evidence regarding the implications of the different administrative options for your business?

No comments.

Question 5g: Are there any specific issues you think we need to consider, as part of our work on the future role of network charges? Why are these important to consider?

It is our view that there is at least one issue that is not included in the current charging proposal from this consultation that Ofgem should consider in the analysis of the future role of network charges. This includes:

1. The impact on repowering decisions.

The Energy UK response includes the following which we feel is important to reiterate in this response, namely:



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“The proposed TNUoS charges on embedded generators will have a significant negative impact on a number of renewable development sites – rendering a number of them no longer viable. Therefore, the treatment of generation capacity as an exogenous factor is a significant shortcoming of the CEPA-TNEI modelling – something CEPA themselves acknowledge.

This impact is not only limited to development sites however, but also re-powering of existing sites. CEPA states that ...

... while we do not have direct evidence of the costs of re-powering, Renewable UK suggests that this may allow for somewhere in the region of 20% saving on LCOE compared to investment in new capacity. In the case of repowering decisions in north Scotland, the net revenue impacts that we observe could represent up to 26% of LCOE for a repowering decision for an embedded onshore wind generator such that this could lead to a decision not to repower for some projects.

(CEPA Analysis, p42)”

General question

Question 7. Do you have any other information relevant to the subject matter of this consultation that we should consider in developing our proposals?

No comments.

We thank you for the opportunity to contribute to this consultation and look forward to seeing the output from it.

Yours faithfully

Tom Forsyth
Chief Executive Officer

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