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Ofgem
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By email: electricitynetworkcharging@ofgem.gov.uk

19/01/2022

Dear Sir/Madam,

Re: RES response to CMP308 – Minded-to decision and draft impact assessment

Introduction to RES

RES is the world's largest independent renewable energy company with operations across Europe, the Americas and Asia-Pacific. A British company, at the forefront of renewable energy development for 40 years, RES is responsible for more than 17GW of renewable energy capacity and energy storage projects worldwide. RES is active in a range of renewable energy technologies including onshore wind, offshore, solar and energy storage.

In the UK, RES has developed and/or constructed 1GW of operating wind generation capacity. We provide support services (AM and O&M) to a global operational portfolio of 5.5W of renewable projects and energy storage for a range of third-party clients. We play a critical role in ensuring the provision electricity with our teams on the ground and in our 24/7/365 control centre responsible for keeping 10% (3GW) of the UK's operating renewable capacity running.

RES wants to play an active part in the UK's energy future, ensuring our projects contribute to decarbonising the energy system at least cost to the consumer, in line with RES' vision to be a leader in the transition to a future where everyone has access to affordable zero carbon energy. We therefore welcome this opportunity to respond to the "CMP 308 Minded-to decision and draft impact assessment" consultation of 08 December 2021 ("the CMP 308 minded-to consultation").

Through Simon Cowdroy, RES was a member and active contributor to the work of both of the balancing services charges task forces. We supported the key conclusions of those task forces and now support Ofgem's minded to proposal to approve CMP308 and to implement on 1 April 2023.

In relation to the key questions raised in the CMP 308 minded-to consultation, we agree that the CMP 308 Original Proposal;

- reduces charging distortions between generators and therefore better facilitates Applicable CUSC Objective (ACO) a).
- improves cost reflectivity in the round and therefore better facilitates ACO b).

- simplifies the process of recovery of balancing services charges, improving overall efficiency and therefore better facilitates ACO e).
- has a neutral effect on ACO c) and ACO d).
- aligns with key themes of wider charging policy established by the Targeted Charging Review (TCR) to recover residual charges from final demand customers.

We have no material comments regarding the Frontier and LCP modelling and associated Impact Assessment.

We understand how the BSUoS adjustment arrangements within current Contract for Difference standard terms and the current BEIS proposal to remove BSUoS protection if CMP308 is approved could help to address the distortion between participating embedded and transmission connected generators. However, it would be to the significant benefit of a more effective competitive auction process if clarity on the treatment of BSUoS be established before CfD auction round 4 commences.

Finally, we agree that 1 April 2023 is a sensible target implementation timescale.

We would be happy to answer any further questions on our evidence or provide additional information if required.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'P. Smart', is enclosed within a thin black rectangular border.

Patrick Smart
Energy Networks Director

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