

REA Response to Minded-to Positions on the Access & Forward-Looking Charges Consultation

The Association for Renewable Energy & Clean Technology (REA) is pleased to submit this response to the above call for evidence. The REA represents a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. This includes member forums dedicated to a wide range of energy generators, such as solar PV, biomass, and energy from waste, as well as energy storage and EV charge point developers – all of whom are involved in helping to decarbonise our power grid. Members range in size from major multinationals to sole traders. There are over 500 corporate members of the REA, making it the largest renewable energy trade association in the UK.

Ofgem's 'minded to' position on the Access and Forward-looking charges Significant Code Review (SCR).

The below constitutes general comments raised by REA and our members concerning the Minded-to SCR positions:

Introduction

We understand that all proposals would apply from 1 April 2023 and that those already in the connection queue before this date will have the right to terminate their application and re-apply under the new rules, but we seek clarity on the impact for those existing connectees. We suggest their rights and costs could be grandfathered to protect them from adverse changes not factored into any business cases.

The proposals confirm new types of non-firm, in principle lower cost, grid connections in exchange for agreed conditions when a project would be unable to export power to the grid and we welcome the move for these to be time-limited and for firm connections to always be available – a key ask of the REA and our members through this process. This must be guaranteed going forwards.

The High-Cost Cap (which could increase reinforcement costs for connectees above a threshold, in order to protect Distributed Use of System customers) is generally welcome, but must be index linked – we see no reason for this not to be the case. This will prevent erosion of the cost protection it provides.

Energy storage projects are proposed to be treated exclusively as 'generation' under the new system – this may raise problems and will not reflect the true reinforcement impact of projects or their beneficial impact on the system – for example by relieving system stress at peak times. This has been a repeated issue faced by storage projects and is another example whereby the long-term solution to this, is a distinct definition for energy storage assets in the Electricity Act, with benefits flowing from this.

Our preferred solution for this is for energy storage devices to be described as 'treated as' generation, rather than 'considered as' – this may be semantic but reflects the need to move longer term to a separate asset class definition.

Access Rights proposals:

We generally welcome the positive outcomes here as the proposals for cheaper, non-firm connections will allow more renewable projects to go ahead.

- We agree with the exemption for small users (below 50kWp) as this will prevent consumer confusion and unintended consequences.
- We welcome the end-date introduced for non-firm connections and that curtailment will be more tightly defined, with agreed limits to curtailment for connectees.
- We call for an independent complaints/arbitration service for disconnections, with compensation mechanisms in place for disconnections above agreed levels.
- Given that any DNO curtailments above agreed levels will be procured from the market – we would like to see revived markets for flexibility on a national basis.
- For time-profiled connections, these will not be defined as such and offers multiple options here but we request more information on time-profiled access and especially seasonal opportunities.
- We also seek clarification on procedures for and compensation arising from, emergency (ESO-led) disconnections.

Transmission Network Charges (TNuOS):

We see the minded to position that distribution connected sites will not be charged transmission charges until a more wide-ranging review of the charges and wider system changes underway as positive, with no charges applied until 2023 at the earliest.

- However this is a delay of the decision until after the review, not a final decision in itself – industry welcome this move but urgently need clarity on timelines here – when will a decision be made?
- We would like to see an exemption for (distribution) projects bidding into the next CfD auction from any future such charge. Such projects are unable to plan with this hanging over them.

Further points:

- We request an updated Impact Assessment to show the impact of all the final proposed changes – should be compiled in combination with the TCR changes underway.
- Ofgem must provide clarity on the distribution charging review and associated timelines.

- We are aware there may be push back from some conventional generation to these decisions and it is important that Ofgem do not back track on decisions based on this.
- Transmission reinforcement connection charges should also be examined as the expensive rules putting all costs on one party here create considerable barriers for developers of such sites.
- Although we recognise the recent changes in this area, these SCR changes must be in combination with the continued development of the grid connection queue management regime, with continued efforts made to ensure a smooth and efficient, timely process. This could possibly involve the development of new procedures for managing the timely development of new projects.