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David Haldearn  
Director, Scotland and Europe  
Ofgem  
9 Millbank  
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SW1P 3GE



Dear David

### **Response to the DTI/Ofgem consultation on Smaller Generator issues under BETTA**

RED Group is one of the leading Scottish based truly independent Smaller Renewables Generators and as such the future of the company and other companies like ours is dependant on the fair implementation of BETTA.

Firstly, thank you for the opportunity to respond to this important part of the BETTA process. However, it is our view that the smaller generator consultation contains proposals that will destroy rather than support the achievement of the BETTA objectives.

With 25% of the European wind resource, Scotland is set to be one of the main contributors to the Governments renewable energy targets in the early years. It therefore has an important role in delivering power to ensure consumers get renewable power from their suppliers who are charging them for it, from wherever they have it delivered from.

We also feel that the proposals in the consultation do not adequately address concerns raised by the Trade and Industry Select Committee in its report (HC 468-I) into BETTA. The Committee noted that:

“A fair and equitable market requires that all participants are treated on the same basis... Whether by regulation or amendment of the industry codes to exempt smaller generators from the burden of transmission charges, or by other means, an equality of treatment must be established among generators connected at 132kV.”

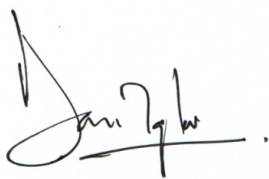
In the Smaller Generator consultation Ofgem agree that it is important that the new arrangements promote a competitive wholesale market by providing non-discriminatory access to the market for all generators in the GB market, including small generators. However, Ofgem's proposed solution to remove this discrimination does not achieve this, because Ofgem have underestimated the cost differences that will be borne by generators connected at 132kV in Scotland compared to those connected at 132kV in England-Wales.

Ofgem's proposed £2/kW Transmission Use of System (TUoS) charge rebate is insufficient to remove the discrimination that will be felt by Scottish connected smaller generators.

We would urge you to recalculate the figures using Net Present Value comparisons, so that distribution deep connection charges can be compared properly to transmission shallow charging. On this basis, comparisons become realistic.

On current charges applied in England, Wales and Scotland, SRF calculate that the difference would be as much as £13/kW. Under new National Grid proposals, we calculate that on a best-case scenario the difference will be as little as £6/kW but could be as much as £44.68/kW. Either way, the difference is not removed by a £2/kW rebate.

In noting, the above, we would refer you to the original two headline aims of BETTA. It is our view that current provisions for smaller generators and likely charges will severely reduce the connection of smaller generators in Scotland, meaning that targets for renewables electricity generation are undershot.

A handwritten signature in black ink, appearing to read 'David Taylor', with a horizontal line extending from the end of the signature.

**David Taylor**  
Managing Director