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5th September 2012

Dear Anthony

Extension of the discount for small transmission connected generators

The Renewable Energy Association is pleased to submit its comments on Ofgem's consultation on extending the discount on transmission charges applied to small transmission connected generation. The REA has members who work on all types of renewable power and heat projects including electricity generation projects that are transmission connected. Many of these will be 132kv connected in Scotland or offshore and under 100MW so the issue is of direct concern to them.

Our headline comment is that we support extending the current discount as proposed by you until at least 2016. We think that the Scottish / Offshore 132kv anomaly is caused by 132kv being classed in Scotland and Offshore as transmission rather than distribution and that the current embedded benefits received by 132kv connected generators elsewhere are broadly cost reflective and therefore should remain. We recognise however that some work will be required to finalise this and that this is best deferred until after the transmission charging changes arising from Project TransmiT have been completed.

Considering the specific questions that you have asked:

Is it appropriate to extend the small generator discount in SLC C13?

Yes, this is by far the most expedient course of action. We also agree with you that there would be no benefit at all from considering varying the amount of the discount as this would require a similar amount of work to providing an enduring

solution to the issue of 132kv connected generators paying different types of charges on the England and Wales mainland and elsewhere.

Is 31 March 2016 an appropriate time to extend to?

Our preference would be for it to be extended indefinitely to avoid any further interim processes. Depending on the shape of any enduring solution this condition could remain, the condition could be removed or the amount of the reduction could be varied. One of these options could be implemented at the appropriate time after a final decision had been made rather than leaving the possibility of having to make yet another extension in the future.

If a specific date is inserted then March 2016 is the earliest possible sensible date. We suspect that it is unlikely that the final outcome of the Project TransmiT driven charging amendment will be known before sometime in 2013 so a date of March 2016 would provide two clear charging years in which to progress any enduring solution. It should also be clear by then what impact any harmonisation of transmission charging methodologies on an EU wide basis may have on arrangements in Great Britain.

Do we need to put in place any further measures to avoid further extension of the licence condition beyond 31 March 2016?

Our preference would be not to time limit the extension to 2016. Irrespective of that we do not think that any further measures are necessary. NGC is under a license obligation to keep the charging methodology under review and has certainly no intention of not progressing a final solution to this issue. Indeed they raised the matter at the July Transmission Charging Methodology Forum and undertook to do a presentation on the position this autumn.

If you would like to discuss any of these comments further please let me know,

Yours sincerely

Gaynor Hartnell
Chief Executive
Renewable Energy Association