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Dear Anthony,

### **Ofgem – 101-12<sup>1</sup>**

## **Consultation on extending the discount for small transmission connected generators:**

### **RenewableUK response**

Thank you for your consultation. We enclose our response to the questions and supporting information including a relevant excerpt from our TransmiT Call for Evidence response.

#### **About Renewable UK**

RenewableUK is the trade and professional body for the UK wind and marine renewables industries. Formed in 1978, and with over 650 corporate members, RenewableUK is the leading renewable energy trade association in the UK, representing the large majority of the UK's wind, wave, and tidal energy companies. Our members include supply chain companies both manufacturing and services; renewables developers & generators; and energy companies with renewables' portfolios. The association's response aims to represent wind, wave and tidal industries, aided by the expertise and knowledge of our members.

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[http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/Final%20Small%20generator%20C13%20open%20letter%2024-7-12%20\(published\).pdf](http://www.ofgem.gov.uk/Networks/Trans/ElecTransPolicy/Charging/Documents1/Final%20Small%20generator%20C13%20open%20letter%2024-7-12%20(published).pdf)

## Consultation Questions

You invited views on three questions as follows:

- Is it appropriate to extend the small generator discount in SLC C13?
- Is 31 March 2016 an appropriate time to extend to?
- Do we need to put in place any further measures to avoid further extension of the licence condition beyond 31 March 2016?

Our response is as follows:

1. Is it appropriate to extend the small generator discount in SLC C13?  
**Yes**
2. Is 31 March 2016 an appropriate time to extend to?  
**Yes**
3. Do we need to put in place any further measures to avoid further extension of the licence condition beyond 31 March 2016?  
**No.**

## Supporting information

TransmiT has undertaken a number of academic reviews, workshops and an industry working group to examine TNUoS charges, but these have not as yet addressed the complex issues specific to embedded generation. RenewableUK and Scottish Renewables noted a number of concerns in relation to Embedded Generation in our call for evidence response to TransmiT on 17th November 2010 – reproduced below. In the intervening period the added complexity of the European market has been added and needs to be considered. We would expect that Ofgem would adopt a similar approach to these Embedded Generation issues as it did to other TransmiT issues i.e. examining the issues and solutions for embedded generation with working groups and academic and/or third party analysis.

### **Uncertainty for Distributed Generation**

There is a degree of confusion and uncertainty with regard to the charges generation connected to distribution networks (embedded) are exposed to. Depending on their size and connection arrangements, generators can be liable for both distribution and transmission charges, which can create a perverse incentive to connect to transmission. In addition a variety of thresholds trigger the Grid Code requirements which influence the capital cost to connect. Many of these thresholds appear arbitrary and have been subject to changes leading to uncertainty which creates risk, pushing up finance costs. For example:

1. Transmission charges may apply to some generators which do not export to the transmission system.
2. National Grid was about to propose applying transmission charges to all embedded generation as low as 30kW. This goes against the trend in England and Wales which has moved transmission charging threshold for these users from 10MW to 50MW and then 100MW. Removal of these and other associated embedded benefits will have a significant detrimental impact to embedded generation.
3. Embedded generation can be subject to high connection cost (through the distribution connection charging regime) as well as user commitment where a statement of works has been requested by the DNO, SO or TO.
4. There is a small generator discount for transmission connected generators at 132kV in Scotland.
5. Offshore generation connected to a DNO at 132kV can pay charges for Offshore Transmission, Onshore Distribution and Onshore Transmission.

We thank Ofgem for producing this consultation and for the questions raised and are very willing to engage in discussing any of the matters highlighted.

Yours sincerely,



Guy Nicholson; Head of Grid for RenewableUK,

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[http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/RenewableUK\\_and\\_Scottish\\_Renewables.pdf](http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/RenewableUK_and_Scottish_Renewables.pdf)