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Andreas Flamm
Wholesale Markets
Ofgem
9 Millbank
London
SW1P 3GE

Our Ref: GS-001361

22 October 2013

Dear Andreas Flamm,

Re: RES Response to Ofgem Consultation of Electricity Balancing Significant Code Review - Draft Policy Decision

RES is one of the world's leading renewable energy developers working across the globe to develop, construct and operate projects that contribute to our goal of a sustainable future. We have a portfolio of low carbon energy technologies and a range of services which together can meet demand from the industrial, public and commercial sectors on whatever scale.

RES has been an established presence at the forefront of the wind energy industry for over three decades. Our core activity is the development, design, construction, financing and operation of wind farm projects worldwide. RES has developed or built almost 8GW of wind energy worldwide and we have several thousand megawatts under construction and in development, we continue to play a leading role in what is now the world's fastest growing energy sector. RES is also involved in the dedicated biomass, solar, offshore wind, wave and tidal sectors.

RES welcomes the opportunity to respond to the consultation on the Electricity Balancing Significant Code Review (EBSCR), Draft Policy Decision and Impact Assessment. We attach our response to the specific consultation questions and the key points to note in our response are outlined below:

1. As discussed in all our previous responses to the consultations on the EBSCR and Future Trading Arrangements (FTA) workstream, we do not believe that now is the time to be making this review and implementing these changes. We are not convinced of the need for this Electricity Balancing SCR at a time of existing market uncertainty due to the Electricity Market Reform (EMR).
2. RES does not actively trade in the balancing mechanism, however the balancing mechanism has a significant impact on the Power Purchase Agreements (PPAs) for our projects. Willingness to take balancing risk over a long term contract is often cited as one of the key inhibitions to pricing PPAs or ensuring that they are bankable. We have strong concerns about the proposal to make cash-out

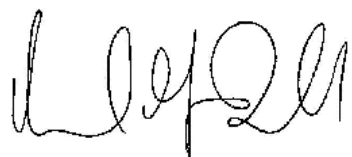
prices more marginal, the move to more marginal cash-out prices will have a specifically detrimental impact on wind and intermittent generation. If cash-out prices become more marginal it will increase the cost of balancing which will be reflected in the PPA terms offered to us. Furthermore, the increasing cost of balancing will be priced into PPAs in a conservative fashion meaning the impact on independent generators will be larger than the average forecast position in the analysis undertaken by Ofgem and Baringa. This may impact our ability to secure project finance. If cash-out prices are made more marginal then measures should also be introduced to help market participants balance. However, the options which would have helped renewables have not been taken forward such as shortening the gate closure period.

3. We are extremely concerned that the changes proposed here will trigger Change in Law clauses in existing PPA contracts. This will lead to the additional cost from this reform being passed onto independent generators. This will impact equity returns and potentially put projects in default under their financing arrangements. This would result in new investors and lenders becoming nervous about investing in future projects in GB.
4. We have concerns around making cash-out prices more marginal and the interaction with CfDs. It is currently proposed that the reference price for CfDs will be the day-ahead market price for intermittent generators, therefore intermittent generators will want to trade their power at the day-ahead stage to achieve the reference price. However, at the day-ahead stage actual output will not be known and they will therefore be unable to trade their output fully. Consequently intermittent generators will be more exposed to volatile within day and cash-out prices and therefore greater basis risk. This additional risk has not been considered in the setting of CfD strike prices.
5. We support moving to a single price given the other proposals put forward, the move to a single cash-out price, is the most beneficial of all the proposals put forward in the consultation for intermittent renewables. However, we are sceptical that this benefit would be passed on to independent renewable generators through improved PPA terms.
6. It is vital that Ofgem maintain their commitment that “as the EBSCR may have an impact on imbalance costs we will continue to work closely with DECC colleagues to ensure potential changes to balancing arrangements are considered as part of DECC’s work on CfDs and route to market for independent generators¹.” This is very important, as it is the aim of the EBSCR that cash-out prices are made sharper to improve incentives for investments in flexible capacity but these sharper and more volatile prices will be priced into our PPAs. The PPAs discounts in new PPAs will increase meaning strike prices will also have to increase to enable independent generators to progress projects under CfD FITs.
7. We are disappointed that the proposals which would have benefitted intermittent renewable generation from the original consultation have not been taken forward such as shortening gate closure or the SO taking responsibility for variations in generation after gate closure. More marginal and volatile imbalance prices will mean parties will want to avoid these prices. However, there is nothing put forward in the proposals here about improving forecasting or additional information to be provided to parties and there is no help proposed to parties to better manage the increased volume risk.

¹ Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

RES are grateful for the opportunity to comment and look forward to your final policy decision in Spring 2014. We hope you take our comments on board and welcome any further contact in relation to this response. To do so, please contact Sarah Husband at Sarah.Husband@res-ltd.com or 01923 299 454.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Gordon MacDougall', written in a cursive style.

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Consultation Questions

Question 1: Do you agree with our proposal to make cash-out prices more marginal?

We have strong concerns about the proposal to make cash-out prices more marginal, we have detailed our concerns with this proposal in response to the previous consultations on the EBSCR and the FTA. The move to more marginal cash-out prices will have a specifically detrimental impact on wind and intermittent generation which will lead to an adverse impact in terms of the cost they incur. The analysis in the consultation shows the net-benefit vertically integrated market participants make in the balancing mechanism compared to the significant costs faced by independent suppliers and independent wind generators in 2030². This is concerning as the measures which could help intermittent generators reduce their balancing costs have not been taken forward, which we supported in our previous consultation responses on the EBSCR and the FTA.

A more marginal price cash-out will increase both the volatility and spread between prices. This will not only deter new market entrants, it will also make it more difficult for them to participate in the market. The sharpening of cash-out prices will not benefit independent market participants with small portfolios, particularly intermittent renewable generators in the illiquid GB power market. At present the vertically integrated nature of the market and lack of liquidity means we require PPAs with one of the Big Six suppliers in order to secure project finance for our developments. Therefore, we are not direct participants in the balancing market and under the terms of our financing agreements we never could be. However, we are indirectly exposed through our PPAs, where willingness to take the balancing risk over a long term contract is often cited as one of the key inhibitions to pricing PPAs or ensuring that they are bankable. If cash-out prices become more marginal it will increase the cost of balancing which will be reflected in the PPA terms offered to us. Furthermore, the increasing cost of balancing will be priced into PPAs in a conservative fashion meaning the impact on independent generators will be larger than the average forecast position in the analysis undertaken by Ofgem and Baringa. This may impact our ability to secure project finance.

Foremost, we are extremely concerned that the changes proposed here will trigger Change in Law clauses in existing PPA contracts. This will lead to the additional cost from this reform being passed onto the generator. This will impact equity returns and potentially put projects in default under their financing arrangements. This would result in new investors and lenders becoming nervous about investing in future projects in GB.

Furthermore, more marginal cash-out prices will in all likelihood lead to larger credit requirements for participants in the balancing market to cover the sharper cash-out prices which could become a barrier to entry. The cost of credit will increase for all parties but this will be felt the most significantly for smaller market participants, it is noted in point 4.85 of the Impact Assessment that the potential "increased costs of capital resulting from higher cash-out price volatility"³ has been excluded from the analysis. This needs to be looked into as this could be very damaging to all market participants. It is mentioned in point 5.20 of the Impact Assessment that the Secure & Promote proposals could support independent market participants in this area but we disagree as the Secure & Promote proposals will have limited impact on the credit conditions offered to smaller market participants. It is vital that more independent participants are encouraged into the market to provide diversity, innovation and competition all of which support the energy trilemma: improving security of supply, reducing carbon emissions and reducing energy costs.

Question 2: Do you agree with our rationale for going to PAR1 rather than PAR50? Are you concerned with potential flagging errors, and would you welcome introduction of a process to address them ex-post?

The extreme change from price average reference (PAR)500 to PAR1 could lead to a rapid increase in balancing costs. Such a rapid decrease in the PAR level may not enable the market to react in time. A

² Figure 3, Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

³ Electricity Balancing Significant Code Review – Draft Policy Decision Impact Assessment, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/ofgem-publications/82295/ebscr-draft-policy-decision-impact-assessment.pdf>

gradual decrease in the PAR level would allow the market more time to adjust. It would enable demand side response and storage technologies to come forward.

If PAR1 is introduced there will now be more of an incentive for abuse of the system, this should be thoroughly monitored by Ofgem. In the consultation, point 4.16 notes that the Transmission Constraint Licence Condition will mitigate market power concerns⁴. However, the Transmission Constraint Licence Condition, applies to constraints on the system only, not energy balancing actions.

The potential for flagging errors is concerning and we would welcome the introduction of a process to address them ex-post. Mis-flagging will be more important under a single PAR MWh therefore inaccuracies are more likely to be identified. Generators will need a dispute process and National Grid will have to be prepared to adjust retrospectively. Just having a single PAR MWh places a lot of responsibility and therefore pressure on the accuracy of National Grid's actions.

Question 3: Do you agree with our proposals for pricing of voltage reduction and disconnections, including the staggered approach?

As discussed in response to our previous consultation on the EBSCR the proposal for pricing voltage reduction and disconnections into the balancing mechanism will work best once smart meters and smart grids are introduced and it would prudent to wait until this has happened before introducing a mechanism such as this. It will be very complex to apportion voltage reductions and disconnections of NHH meters. It is proposed that NHH consumers reductions and disconnections will be apportioned based on their Profile Class in their Grid Supply Point (GSP). Therefore, it is unclear how embedded generation will be considered in the proposed calculation.

Question 4: Do you agree with our assessment of the interactions with the CM and its impact on setting prices for Demand Control actions?

We agree that if costs are to be attributed to non-costed actions in the balancing mechanism then they should align with the prices in the Capacity Mechanism. However, the level of VoLL proposed is very high and will be exposing generators who may not be able to react to this price incentive for example intermittent generation may not be able to generate and will therefore be overly penalised.

Question 5: Do you agree that payments of £5/hr of outage for the provision of involuntary DSR services to the SO should be made to non-half-hourly metered (NHH) consumers, and for £10/hr for NNH business consumers?

As discussed in response to question 3 above we have concerns regarding the complexity of introducing costs to non-costed actions and apportioning the compensation appropriately to consumers at this moment in time. If compensation is to be given to consumers it should be given automatically, it also needs to be communicated to consumers when they qualify for this compensation and not compensation due to a network disconnection. Also, it needs to be defined whether the hour of disconnection needs to be continuous or throughout a specified period e.g. 24hrs.

Question 6: Do you agree with the introduction of the Reserve Scarcity Pricing function and its high-level design? Explain your answer.

The introduction of the Reserve Scarcity Pricing function may lead to volatility in the balancing mechanism and a negative impact on wind generation. In all likelihood it will be that more of the reserve costs are apportioned to the times of low wind generation, increasing the cost and therefore the risk of balancing renewables. It is stated in point 3.12 of the consultation: "we expect our proposals will strengthen the price signals for scarcity, and parties will have stronger incentives to trade intra-day, in particular when the system

⁴ Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

is tight.”⁵ However, the system is likely to be tight when there is little or no wind, particularly going forward, so the impact of this is likely to be more extreme on intermittent generators who may not be able to react.

Furthermore, it is stated in the consultation that “it is important to note that this approach is not designed to change the way the SO procures and dispatches reserve, but only change the way reserve is priced in the cash-out calculation when used to balance the system.”⁶ However, it is unclear if this will always be the case, how the energy is priced in the balancing mechanism will ultimately impact how it is procured in the future. Additionally, the consultation does not provide access to the necessary historical data on STOR actions and the overall costs. This proposal therefore requires significant further development and extensive engagement with industry before it can be implemented.

Question 7: Do you agree with our rationale for a move to a single price, and in particular that it could make the system more efficient and help reduce balancing costs? Please explain your answer.

We support moving to a single price given the other proposals put forward, the move to a single cash-out price, is the most beneficial of all the proposals put forward in the consultation for intermittent renewables. A single cash-out price will reduce barriers to entry and may encourage more players into the market such as aggregators and financial traders, which in turn would help liquidity. However, given the potential increase in credit and collateral requirements as a result of more marginal cash-out prices as discussed in response to question 1 above, this will counter the benefit of a single cash-out price and other risks to entering the market will also remain.

We welcome the analysis discussed in point 4.82 of the consultation, that “according to our modelling results, renewables are net beneficiaries of a move to a single price (although less so than other smaller parties) even though they are often out of balance in the same direction as the system.” We also appreciate point 6.9 of the Impact Assessment:

“This is because although wind generators are likely to have greater overall volumes of imbalance and a greater proportion of these are in the same direction as the system (as they increasingly drive overall system length), their greater variability also means that they have greater absolute imbalance volumes in the opposite direction to system length relative to other market participants. Where this is the case, wind parties are able to gain more from a favourable cash-out price relative to near-term forward prices under a single price relative to thermal generators.”⁷

However, this goes against the expected logic so we would like to see more detail on how this conclusion was made. For example which type of wind generators were looked at and over what period of time. We would also like to see more details on the actual cost of the imbalance e.g. does the time when wind generators are out of balance tend to coincide with the most extreme cash-out prices. We would particularly like to see more detail on this going forward when there is likely to be negative prices in the balancing mechanism. However, even if the cost of balancing intermittent renewable generation could be reduced under a single cash-out price, it is unlikely this benefit would be passed on to independent renewable generators through improved PPA terms and also onto consumers.

A single cash-out price will in all likelihood also encourage participants to be long and incentivise spilling. It does not create an incentive to balance, as the participant will be charged the same amount either way, thereby participants may not try to trade out their position. If near term incentives to trade are no longer present the market will become more illiquid. As stated in the consultation document “the dual cash-out price was introduced to encourage participants to balance their positions (not spill additional energy onto the system)” and this need has not changed. The behavioural change of the proposal needs to be examined by Ofgem.

⁵ Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

⁶ Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

⁷ Electricity Balancing Significant Code Review – Draft Policy Decision Impact Assessment, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/ofgem-publications/82295/ebscr-draft-policy-decision-impact-assessment.pdf>

Question 8: Do you have any other comments on this consultation, including on the considerations where we did not propose any changes?

We have concerns around making cash-out prices more marginal and the interaction with CfDs. It is currently proposed that the reference price for CfDs will be the day-ahead market price for intermittent generators, therefore intermittent generators will want to trade their power at the day-ahead stage to achieve the reference price. However, at the day-ahead stage actual output will not be known and they will therefore be unable to trade their output fully. Consequently intermittent generators will be more exposed to volatile intra-day and cash-out prices and therefore greater basis risk. This additional risk has not been considered in the setting of CfD strike prices.

It is vital that Ofgem maintain their commitment outlined in point 5.5 of the consultation that “as the EBSCR may have an impact on imbalance costs we will continue to work closely with DECC colleagues to ensure potential changes to balancing arrangements are considered as part of DECC’s work on CfDs and route to market for independent generators⁸.” This is very important, as it is the aim of the EBSCR that cash-out prices are made sharper to improve incentives for investments in flexible capacity but these sharper and more volatile prices will be price into our PPAs. The PPAs discounts in new PPAs will increase meaning strike prices will also have to increase to enable independent generators to progress projects under CfD FiTs. Ofgem need to work with DECC on CfD FiTs and route to market for independent generators from the outset but Ofgem also need to consider existing generation. Furthermore, as discussed below it will be difficult for DECC to take the new arrangements into the consideration of strike prices until more detail on the changes and the corresponding impact are known.

It is very concerning that the Baringa report states:

“Higher imbalance costs for intermittent generators could be compensated for through higher subsidies and hence the cash-out packages need not necessarily be detrimental to investment in low carbon generation, and by revealing the true costs of balancing this should lead to a lower cost outcome for consumers in the long run.”⁹

This shows a complete lack of understanding of the current support mechanism for renewables. The RO banding levels for existing generation is highly unlikely to change, Government has always been committed and correctly so to no retrospective change. There is also unlikely to be a re-banding of the RO for new projects under the RO up to 2017. Additionally, the strike prices for CfD FiTs have been set to be comparable with the RO, assuming the existing balancing arrangements, the strike prices cannot be adjusted to reflect the new arrangements until more detail on the changes and the corresponding impact are known. Furthermore, once a CfD Contract has been agreed including the strike price, the ability to change the strike price will be exceedingly limited under the current drafting of the Change in Law provisions. Specifically changes to the BSC arrangements will not be included as a Change in Law which could result in a change in a CfD strike price as it would represent a change to all market participants. There is also a finite amount of subsidy available for renewable generators under the Levy Control Framework (LCF), therefore any increase required in the subsidy level to cover balancing costs will result in less development of renewables overall, risking the ability of the UK to meet the 2020 targets.

Overall we are disappointed that the proposals which would have benefitted intermittent renewable generation from the original consultation have not been taken forward such as shortening gate closure or the SO taking responsibility for variations in generation after gate closure. We detailed our support of these proposals in our previous consultation response to the EBSCR and FTA. For example, the discussion in the consultation on the shortening of gate closure does not appear to have been investigated in any detail and this is disappointing:

⁸ Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

⁹ Section 5.4, page 80, Electricity Balancing Significant Code Review (EBSCR) Quantitative analysis to support Ofgem’s Impact Assessment, Baringa, 18th July 2013, <https://www.ofgem.gov.uk/ofgem-publications/82296/baringa-ebscr-quantitative-analysis.pdf>

“Most stakeholders also thought that allowing contract notifications after gate closure is unlikely to yield significant benefits that would justify a change.”¹⁰

It is a disappointing that this assumption has not been modelled as part of the EBSCR. We would like to see whether this is an assumption that continues going forward when there is a greater amount of intermittent renewables on the system. We feel that analysis should be undertaken to consider at what level of variable generation penetration do the benefits from reducing the gate closure period become sufficient to justify a change.

The current GB electricity market is structurally biased against renewables and was not designed with the necessary levels of renewable energy deployment in mind, as acknowledged in the FTA consultation: “the existing trading arrangements, dating back to the NETA implementation in 2001, were not designed primarily with the integration of renewables in mind”¹¹. However, we welcome the launch of the FTA project to create a high level design for the future electricity trading arrangements and support the overall aims of the project. The market has changed a great deal since the implementation of NETA and additional changes will become apparent going forward.

It is vital that the FTA maintains its focus on the integration of renewables by enhancing the ability to trade renewables closer to real time and although this is important and we welcome exploring the options available in more detail, it should not be assumed that all renewable generators are responsible for trading their power. As discussed above, at present the vertically integrated nature of the market and lack of liquidity means we require PPAs with one of the Big Six suppliers in order to secure project finance for our developments. Therefore, we are not direct participants in the balancing market and under the terms of our financing agreements we never could be. However, we are indirectly exposed through our PPAs, where willingness to take the balancing risk over a long term contract is often cited as one of the key inhibitions to pricing PPAs or ensuring that they are bankable. Despite the analysis showing in this consultation the vertically integrated utilities receive a net-benefit from the balancing mechanism.

Impact Assessment Questions

Question 9: Do you have any comments regarding any of the three approaches we have taken to assess the impacts of the cash-out reform packages?

We welcome the detailed quantitative analysis of the proposals and packages which has been undertaken by Ofgem and Baringa. Although, we believe more analysis needs to be undertaken by Ofgem on the detail of how these proposals will be introduced and the corresponding impact on all parties. For example it is unclear how the categories have been defined for example, most independent wind generation will actually be contracted to the vertically integrated market players, so is this wind generation included in the independent wind category or vertically integrated? Also does the independent wind category include transmission and distributed wind generation?

Ofgem need to look more holistically at the potential impact of these changes on the market e.g. what if the proposals do not result in investment in flexible generation due to other factors. Ofgem are assuming that everyone will be able to respond in a rational manner, this may not be the case in reality. If investments cannot be made prices will simply increase and consumers will be no better off in the long run and the market will be no more secure. For example storage technologies and demand side response may not be able to react in time e.g. demand side response may not be able to adapt until smart metering is sufficiently developed. The expectation that consumers will benefit through a higher level of security of supply and efficiency gains in balancing the system will not be realised.

¹⁰ Section 4.72, Electricity Balancing Significant Code Review – Draft Policy Decision, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/publications-and-updates/electricity-balancing-significant-code-review-draft-policy-decision>

¹¹ Update on the Electricity Balancing Significant Code Review (EBSCR) and request for comments on proposed new process to review future trading arrangements, Ofgem, 18th February 2013, [http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Update on EBSCR and new process to review Future Trading Arrangements.pdf&refer=Markets/WhlMkts/CompandEff/electricity-balancing-scr](http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?file=Update%20on%20EBSCR%20and%20new%20process%20to%20review%20Future%20Trading%20Arrangements.pdf&refer=Markets/WhlMkts/CompandEff/electricity-balancing-scr)

Question 10: Do you agree with the analysis of the impacts contained in this IA? Do you agree that the analysis supports our preferred package of cash-out reform? Please explain your answer.

One point to note in the analysis presented in Figure 3 of the consultation is that in 2030, overall the benefit to independent thermal generation is about the same than in the do nothing scenario. Also, for vertically integrated market players the benefit is about the same, therefore we are unclear as to how the conclusion has been drawn that there will be greater incentives under these proposals to invest in flexible generation.

Question 11: Do you agree with the key risks identified and the analysis of these risks? Are there any further risks not considered which could impact on the achievement of the policy objectives? Please explain your answer.

There is a lot of uncertainty surrounding the underlying assumptions, costs and benefits of the current proposals. The Baringa quantitative assessment cannot be relied upon as a sole basis for this decision process and this assessment does not provide sufficient certainty to justify this radical shift these proposals would bring.

As discussed in response to the questions above, we have concerns regarding the impact and risk of these proposals on intermittent generators. For example point 2.12 of the Impact assessment states:

“Any increase in imbalance risk for intermittent wind generators under the packages could be further mitigated in practice. Many will not be directly exposed to additional risk as they sell their power through Power Purchase Agreements (PPAs); embedded wind would also only be indirectly exposed through profiling in the settlement process; and this analysis assumes no improvement in the balancing performance of parties and any forecasting improvements which might be expected in practice. A more detailed discussion of the impacts for intermittent renewable generators is included in Section 6.¹²”

However, it does not appear that consideration has been given to the fact that intermittent generators will need to agree new PPAs for existing and new projects nor the risk that Change in Law clauses will be triggered in existing PPA contracts as discussed above. Neither of these risks has been recognised in the analysis.

Furthermore, point 6.11 of the Impact Assessment states:

“Although independent wind parties gain on average from a single relative to a dual cash-out price, these parties could still face some increase in imbalance risk, in particular at times of system stress. Where this is the case, wind parties are unlikely to be directly exposed to additional risk as many sell their generation through Power Purchase Agreements (PPAs) with aggregators or larger suppliers: wind parties would only face an indirect impact through the level of discount they have to accept in return for this route to market. However, parties purchasing electricity through PPAs could mitigate this additional risk through diversification across their portfolios. This discount is also impacted by a number of other factors, such as the competitiveness of the PPA market. DECC is working on improving competitiveness in this market to ensure renewables have a viable route to market.”¹³

It is optimistic to believe that off-takers will be incentivised to continue contracting with intermittent generators at a reasonable cost due to “diversification across portfolio” when there would be such an additional cost to the off-taker for doing so. The intermittent generator would have to cover the cost of the required diversification of the portfolio (at a conservative level), which would result in a further deterioration in PPA terms.

Question 12: What if any further analysis should we have undertaken or presented in this document? Do you have any additional analysis or evidence you would like to contribute to support the development of the EBSCR towards its Final Policy Decision?

We would like to see more consideration and analysis on the implications of these proposals on intermittent generators, the impact on credit requirements and outlying days of extremely high demand or low generation. Particularly we would like to see analysis of the impact on intermittent generators on a day when

¹² Electricity Balancing Significant Code Review – Draft Policy Decision Impact Assessment, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/ofgem-publications/82295/ebscr-draft-policy-decision-impact-assessment.pdf>

¹³ Electricity Balancing Significant Code Review – Draft Policy Decision Impact Assessment, Ofgem, 30th July 2012, <https://www.ofgem.gov.uk/ofgem-publications/82295/ebscr-draft-policy-decision-impact-assessment.pdf>

the system is extremely short and there is little wind. As discussed in response to question 9 above, we would like to see more analysis undertaken by Ofgem on the detail of how these proposals will be introduced and the corresponding impact on all parties.