

Anthony Mungall
Ofgem,
9 Millbank
London
SW1P 3GE

Project.transmit@ofgem.gov.uk

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Project Transmit: Impact Assessment of industry's proposals (CMP213) to change the electricity transmission charging methodology

Dear Anthony,

SmartestEnergy welcomes the opportunity to comment on Ofgem's consultation on Project Transmit: Impact Assessment of industry's proposals (CMP213) to change the electricity transmission charging methodology

SmartestEnergy is a supplier in the half hourly electricity market and an aggregator of embedded generation. We have just entered the NHH retail market (group and corporate, not SME/Micro, sectors).

We are generally positive about the proposed changes but would probably prefer a delay to implementation as there are impacts on customers' fixed prices which we could not have forecast.

We answer the questions in the consultation document in order below:

Question 1: Do you think we have identified the relevant impacts from NGET's modelling and interpreted them appropriately?

Yes.

Question 2: Do you have any further evidence of the impacts of the charging options not covered by NGET's analysis?

No.

Question 3: Do you agree with our assessment of the options in terms of the strategic and sustainability impacts? In particular, are there any impacts that we have not identified?

We agree with Ofgem's assessment and are aware of no unidentified impacts.

Question 4: Do you think that socialising some of the cost of HVDC converter stations could lead to other wider benefits, such as technology learning? If so, please provide further evidence in this area.

We note that WACM2 includes 100% converter station costs in the locational charge for both HVDC links and Island links. We note that all of the WACMs modelled have either both at 100% or both at 50%. We believe there could be a case for treating HVDC links for greater socialisation than island links because the purpose of the HVDC links is to relieve constraints which already exist and/or are in the general interest of the system as a whole.

We note NGET's analysis presented on 6th September showing that implementation of the first bootstrap will bring constraint costs down virtually to zero in 2016; constraint costs increase for the next 3 years before reducing down to practically zero again with the implementation of the second bootstrap; forecasts of constraint costs after this remain very low. The links must therefore be of benefit to the system as a whole.

Question 5: Do you agree with our assessment of the options against the Relevant CUSC objectives? Please provide evidence to support any differing views.

Yes.

Question 6: Do you agree with our assessment of the options against our statutory duties? Please provide evidence to support any differing views.

Yes.

Question 7: Do you agree with our assessment that it is appropriate to implement WACM2 in April 2014? Please provide evidence to support any alternative implementation date.

We would probably prefer a delay to implementation as there are impacts on customers' fixed prices which we could not have forecast.

We consider that April 2016 fits rather well since a method for bootstraps in the charging methodology needs to be in place ahead of the commissioning of the Western HVDC bootstrap planned for 2016.

If you have any questions, please do not hesitate to contact me.

Please note that our response is not confidential.

Yours sincerely,

Colin Prestwich
Head of Regulatory Affairs
SmartestEnergy Limited.

T: 01473 234107
M: 07764 949374