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Dr Jeffrey Hardy
Head of Sustainable Energy Strategy
Consumers and Sustainability
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20th May 2015

Dear Dr Hardy,

Many thanks for providing the opportunity for the British Hydropower Association [BHA] to input into the OFGEM discussion paper on 'Non-traditional business models: Supporting transformative change in the energy market'

The BHA is the only UK trade membership association solely representing the interests of the UK hydropower industry (from micro to large scale) and its associated stakeholders in the wider community.

The BHA broadly agrees with the OFGEM definition of Non-Traditional Business Models [NTBM] as "Business models offering new products and services or new ways of delivering these that are different to those traditionally provided in the existing energy market. Those offering such services have diverse motivations [technological, social and environmental as well as financial] and ownership arrangements, and operate at various scales. Over time NTBM's have the potential to transform the existing energy system"

There are, as OFGEM will be very well aware, numerous challenges currently facing the UK hydropower sector that include continuing degeneration of the Feed-in Tariff, overly zealous regulators, the possibility of significant business rates increases, increases in abstraction charges and limited access to grid connections.

The BHA would welcome the opportunity of engaging directly with OFGEM on a number of issues relating to NTBM's which would include, but are not limited to, consideration of;

- Greater clarity and consistency from OFGEM on their approach on the use of 'load banks' for commissioning purposes
- The cost of and accessibility to grid connections
- Managing speculative applications that will never be commissioned, but which block capacity opportunity
- Financial consistency with regard to grid deposits

- Consideration that a % of all new connection volume is provided to smaller scale/community renewables schemes at no/low cost
- The urgent need to address the problem of the link between degression and pre-accredited schemes
- Greater flexibility in the interpretation of OFGEM's regulations/rules
- Consideration of alternative options to completion dates
- The introduction of an 'Infrastructure guarantee scheme' for small scale hydro
- The need for fairness and equality

The BHA believes that bringing together other the renewables membership organisations; solar, wind, biomass etc., for round table discussions on these and other issues that may be submitted to this discussion paper, is a practical way for the renewables sector to be fully involved, in a collaborative manner, with the longer-term engagement on NTBMs.

Yours sincerely

Simon Hamlyn
Chief Executive Officer
British Hydropower Association