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**Re: Response to consultation on the extension of the small generator discount**

Dear Donald,

We welcome the proposal in the letter of 25<sup>th</sup> November 2015 to extend the small generator discount as set out in Standard Licence Condition C13 (Adjustment to use of system charges (small generators)) (SLC C13) of the electricity transmission licence (the Licence).

As set out in the letter, the enduring arrangements for transmission charging for 132kV connected small generators across GB have not yet been sufficiently developed, and various options are still being considered.

As we noted in our response to the CMP239 Workgroup consultation in March this year, SLC13 was originally introduced for justified reasons. It was indicated at that time (and subsequently reinstated during the course of the following <sup>1 2 3</sup> time extensions to SLC13<sup>4</sup>) that this was to ensure that an enduring solution to the issue, which gave rise to the need for the small generator discount, was forthcoming. This was then expected to alleviate the need for the discount from that moment in time.

Given this history and (repeated) precedent on the part of Ofgem, it seems to us that a legitimate expectation has arisen amongst market participants that the small generator

<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/55746/small-generator-document.pdf>

<sup>2</sup> <https://www.ofgem.gov.uk/ofgem-publications/55732/small-generators.pdf>

<sup>3</sup> <https://www.ofgem.gov.uk/ofgem-publications/52471/101810small-gen-open-letter-publisheda.pdf>

<sup>4</sup> As detailed in paragraph 4.31 of the CMP239 FMR



discount will remain in place until such time that the enduring solution (for transmission charging for 132kV connected small generators across GB) has been developed and implemented. Therefore we strongly support the Ofgem's view that the small generator discount should remain in place while this work is ongoing.

We believe that a modification of SLC C13 by amending the expiry date of this condition from 31 March 2016 to 31 March 2019 provides additional time for the development of the options and, subsequently, the enduring arrangements for transmission charging. This modification also ensures that a level playing field for small 132kV connected generators in GB remains in place while this work continues.

We look forward to the outcome of this consultation.

Yours sincerely,

**Polina Kharchenko**

**Wholesale Regulation Manager**