

Zephyr Investments Limited

Donald Smith,
Ofgem,
9 Millbank
London SW1P 3GE

Letter submitted by e-mail to Donald.smith@ofgem.gov.uk

16th December 2015

Dear Sir,

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

We very much welcome Ofgem's proposal to modify SLC C13 by amending the expiry date of this condition from 01 April 2016 to 31 March 2019.

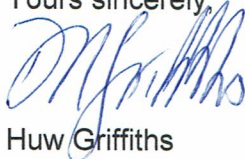
The expiry of SLC C13 in 2016 would have a significant negative impact on the projects that we have invested in, through a considerable step change in the charges for Scottish 132kV projects. While our investments were made on the basis that the small generator discount was introduced as an interim measure, it was also on the understanding that it would only be removed upon the commencement of an enduring arrangement to level the playing field for small transmission connected generators.

The issue was not picked up by the recently concluded Transmit review, and for now the discrimination identified in the implementation of BETTA persists. Therefore, the rationale for the discount still stands until a new alternative is proposed.

We agree that providing until March 2019 for an enduring solution to crystallise is appropriate. This should provide sufficient time for emerging work to fully develop and for an enduring regime to be finalised.

We would also like to emphasise that once a suitable enduring regime is approved, a sufficient lead time of its introduction is provided for investors so that they can plan accordingly.

Yours sincerely,



Huw Griffiths
Managing Director
Zephyr Investments Limited

Zephyr Investment Limited

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