

Frances Warburton
Partner – Energy Systems
Ofgem
9 Millbank
London SW1P 3GE

23 September 2016

Dear Frances,

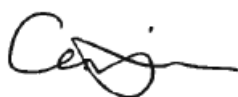
Re: Review of charging arrangements for embedded generation

We are writing in response to your open letter of 29th July 2016 on the review to charging arrangements for embedded generation. EEF, the manufacturers' organisation, is the representative voice of UK manufacturing, with over 5,000 businesses in membership many of whom are some of the UK's largest industrial energy users.

The proposed reforms by Ofgem to embedded benefits will have a profound impact on many of our members, particularly those that generate their own electricity and also provide a vital system balancing service. Furthermore, these proposals are being made through the Connection and Use of System Code (CUSC) industry process, which excludes participation from most industrial manufacturers and distributed generators.

Any sudden changes to embedded benefits could seriously undermine the economics of much onsite generation. Therefore, we recommend a full review of transmission charging arrangements is carried out, assessing the complete range of potential impacts on industrial co-generators and other stakeholders and conducted through a formal consultation process with industry, before any changes are made.

Yours sincerely,



Claire Jakobsson
Head of Climate, Energy and Environment Policy, EEF

