



Chichester Power Ltd

14th September 2016

By email: andrew.self@ofgem.gov.uk

Dear Sir / Madam,

Response to OFGEM open letter: Charging arrangements for embedded generation

Chichester Power Limited (CPL) invested in 3x2.65MW gas fuelled Combined Heat and Power (CHP) units in October 2015. CPL is located on Tangmere Airfield, next to the UK's largest independent pepper growers, Tangmere Airfield Nurseries Limited (TAN).

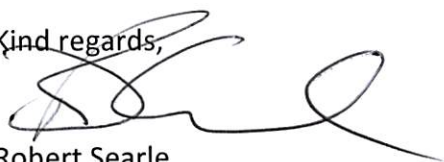
CPL made the decision to invest in modern and highly efficient CHP (total thermal efficiency being above 90%) due to the ability to export electricity on to the grid and sell the 'by product', heat and CO₂ to TAN. This model creates an extremely efficient energy hub around the maximisation of outputs (electricity, heat and CO₂) from the CHP. Of course this is also an improved environmental utilization of gas and the outputs from the CHP.

A significant factor in the investment decision was the TRIAD income that the CPL can earn. Put simply, had there have been no TRIAD income, CPL would not have invested in the CHPs.

CPL expects the life span of its CHP's to be between 15 to 20 years, which is a major commitment for both CPL and its relationship with TAN. CPL invested in good faith based on the existence of TRIAD income. To remove this would have a devastating effect on the business and may result in CPL having to cease trading.

If CPL and other similar electricity generators were to come to this conclusion then this would place additional strain on the grid and could have damaging effects on future pricing and availability. It is therefore our opinion that TRIADs are an important motivating factor to ensure smaller energy generators existence and therefore providing much needed energy security.

I would be grateful if we could be kept abreast of developments in this area and would implore you to carefully consider the impact any change will have on businesses such as ours.

Kind regards,


Robert Searle
Head of Finance

Chichester Power Ltd

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