

Severn Trent Water
Severn Trent Centre
Coventry
CV3 9FH

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

23rd September 2016

Dear Ms Warburton,

You have invited stakeholders to comment on your open letter on charging arrangements for embedded generation, dated 29 July 2016.

AD offers renewable baseload energy to the distribution network. Severn Trent Water is a producer of renewable energy through anaerobic digestion. We operate 35 of over 500 plants that now deliver enough energy to power more than 800,000 households.

We are concerned that changes to network charging are being rushed through and undertaken without Ofgem having conducted an impact assessment. An end to triad payments would constitute a significant reduction to our income stream. From our most recent triad period, during last winter, we received revenue of over £200k. The impact of this lost revenue on our business has not been taken into account and neither have the considerable benefits distributed generators provide for the electricity network, which include:

- Reducing demand and increasing energy security during winter peaks;
- Negating the need for reinforcement and maintenance of the transmission system; and,
- Providing low cost energy, helping to control wholesale electricity costs.

It may be appropriate for Ofgem to revise the network charging arrangements but before this can take place a comprehensive impact assessment should be undertaken, reviewing all transmission and balance of service charges.

Yours sincerely,

Donald Ewing

