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Administrative officer
Torkel Sjøner

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1 of 1

Ofgem
Attn.: Francis Warburton
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Open letter: Charging arrangements for embedded generation

We welcome the opportunity to comment on Ofgem's open letter on charging arrangements for embedded generation. We share Ofgem's aim to ensure that the charging arrangements do not create any distortions in the market and that the system should not over-reward embedded benefits. At the same time, it is important that embedded generation is rewarded for the contribution to the operation of the system and cost savings for the transmission system. Hence, it is important that a holistic review of network charging is undertaken.

We note Ofgem's particular concern related to the size and future development of the TNUoS demand residual, which constitute the main part of embedded benefits for a generator. However, it is important that if there are any changes to this element for an embedded generator, it is necessary with proper grandfathering arrangements for existing generating projects and for projects under construction that have made their investment decision based on receiving embedded benefits. Hence, as we also responded to the consultation on CMP 264, such grandfathering provision should be offered to all projects that start generating before 1 October 2018, which is the cut-off date for accreditation under the Renewables Obligation for projects that have qualified for a grace period.

Kind regards
Statoil ASA



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