

For the attention Frances Warburton Partner
Energy Systems
The Office of Gas and Electricity Markets
9 Millbank London SW1P 3GE

19th September 2016

Reference OFGEM Open letter dated 29th July 2016: Charging arrangements for embedded generation

Marks and Spencer plc. have a number of concerns relating to the proposed changes in the open letter issued on the 29th July by OFGEM relating to Charging arrangements for embedded generation.

Over the past few years Marks and Spencer plc. have attended Demand Side Reduction (DSR) conferences hosted by National Grid and DECC and have taken on board the key messages from government that all of industry and commerce need to participate in DSR to ensure the long-term security of supply for the UK. Marks and Spencer plc have recently commenced its DSR programme utilising its existing assets to assist in this key objective and are disappointed that OFGEM should propose changes to existing charging mechanisms that would, if implemented as proposed, significantly reduced the amount of DSR that Marks and Spencer could contribute to the UK energy market.

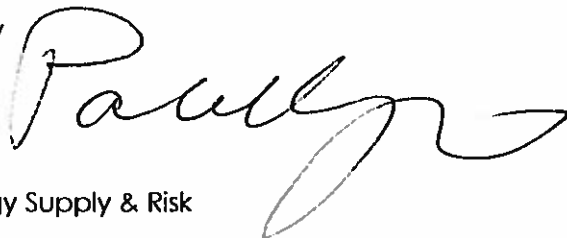
Marks and Spencer plc understand the need for a level playing field for investment criterion and reward between the future construction of transmission connected assets and distribution connected assets however an exception needs to be made for UK companies that have:

- Existing back up generation assets that are G59/3 approved and are currently contributing DSR to the UK energy market.
- Existing back up generation assets not currently connected to the distribution system but capable of being G59/3 approved and are capable of contributing DSR to the UK energy market.

Marks and Spencer plc therefore strongly suggest that the proposals only apply to the construction of new generation systems and that existing systems as detailed above be exempt. Such an exemption would ensure that Marks and Spencer plc should be able to continue its DSR programme and provide an effective contribute to the security of the UK energy supply.

Please do not hesitate to contact me if you need further information.

Yours sincerely



Gio Patellaro
Head of Energy Supply & Risk