

Our Ref: RA-Ofgem-EG1  
Your Ref:

22<sup>nd</sup> September 2016

The Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Dear Sir or Madam,

**Re: Open letter: Charging arrangements for embedded generation**

With reference to the above published letter from your office, issued on 29<sup>th</sup> July 2016, I wish to express our concerns at the changes indicated within your proposal.

Furthermore I wish to register my support for the detail and analysis put forward by The Association for Decentralised Energy (the ADE), in their response to the same correspondence from your office and rather than repeat their findings and concerns within this response, we would seek to add our support to their comments.

As background, TGC Renewables Group have developed over 350MW of decentralised renewables and gas powered generating plant in the UK since 2010. During this period, we have faced challenging regulatory positions influenced by political changes in Government. The process and nature of your Open Letter have now added further uncertainty to future viability of specific new build energy generation assets within our development process which jeopardises investment and employment in our direct and subcontracted staffing structures.

The immediate implication of your open letter is that it has caused significant investor concerns over the wider embedded generation structure within the UK and has led to the termination of investment discussions which in total exceed over £100M of investment in new generation plant in the UK specifically with TGC Renewables. This has occurred at the same time as Government has sought to secure over 52GW of capacity via the T-4 and Early Auction processes within the Capacity Market process.

As indicated in the ADE's response, your aspiration to move quickly should not mean Ofgem is obligated to implement a solution which creates a range of new problems and imbalances.

We are also concerned at the potential use by Ofgem of recommendations from the CUSC panel, as any recommendation from them is not part of an open consultation process, which has sought input from across the complete sector and instead the views and outcome of this will be limited to a narrow,

limited interest group. It is our understanding that in order to have an opinion from this group, Ofgem has implemented an 'accelerated' review timetable and as such panel has not fully investigated and considered the wider impact of the proposed changes, or fully considered alternative options. This is therefore a prejudicial process for those who are impacted by the outcome but unable to influence to policy guiding analysis.

With regards to the timescales proposed by Ofgem, we fail to understand how Ofgem aim to achieve best price for consumers within this year's T-4 Capacity Market, which opens for bids on Tuesday 6<sup>th</sup> December 2016. The uncertainty created by the Open Letter process cannot be in the consumer's best interest and as such we would have expected Ofgem to have undertaken a more formal Consultation process to any potential changes, which would include any proposed implementation timescales and implications for those parties which have already made meaningful / substantial investment in generation development projects, which would then minimise the risk to Ofgem of legal challenges to any rule changes, while supporting the sector to strive for a 'consumer focused' outcome to the T-4 and Early auction processes in the Capacity Market.

We would actively encourage your department to fully consider the outcome of this Open Letter consultation process and to rather than make any rule changes now, we would request that a more detailed consultation be proposed, with analysis on the impacts across the wider generation sector be considered as well as the impact for those schemes which have had significant investment made in them but are yet to achieve energisation.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Roy Amner', with a long horizontal flourish extending to the right.

Roy Amner  
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TGC Renewables Group Limited

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