



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

22 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. This letter is my company's response.

As one of the first members of our trade association ADBA we have been active in developing the growth of the anaerobic digestion industry in the UK. Malaby Biogas is a producer of renewable energy through anaerobic digestion and have contributed to the success of a diverse and growing renewable energy source in the UK. We operate one of over 500 plants that, together, now deliver enough electrical energy to power more than 800,000 households. AD offers renewable baseload energy to the distribution network in a flexible and responsive manner without intermittence due to weather, time of year or time of day.

We are extremely concerned that the proposed changes to network charging are being rushed through and undertaken without Ofgem having properly 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 approximately £45,000 (the approximate salary of a plant manager). In a team of 6 staff this reduction income reduction is significant; especially at a time of historically low wholesale power prices (less than 40p/kW) and in light of recent government commitments to support new nuclear power by providing a subsidised electricity price of more than 90p/kW.

The impact of the lost revenue on our business has not been taken into account in considering the removal of triad payments and neither have the considerable benefits distributed generators provide for the electricity network. These include:

1. Reducing demand and increasing energy security during winter peaks;
2. Negating the need for reinforcement and maintenance of the transmission system;
3. Providing low cost energy, helping to control wholesale electricity costs; and
4. Providing predictable, safe, low carbon 24/7/365 baseload power.

While it may be appropriate for Ofgem to review the network charging arrangements we submit that this should be undertaken in an orderly and clear manner which does not adversely affect the safe operation of our facility. Before this can take place it is important that a comprehensive impact assessment should be undertaken, reviewing all transmission and balance of service charges and considering the different technologies available to provide power to the electricity system.

Last year, at short notice, Ofgem withdrew the eligibility of plants such as ours from receiving Levy Exemption Certificates earned by the production of renewable energy. This severely affected the profitability of our business by removing the revenue to support two members of staff. The current

proposals would compound the negative affect on our industry and the capacity of our business to provide a sustainable source of power.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'T Minter', with a stylized, flowing script.

Thomas Minter
Director