

Dear Andrew,

SPECIFIC welcomes governments and Ofgem's recognition of the benefits a smart, more flexible energy system offers for consumers and the need to exercise independent responsibilities in a co-ordinated way. However, significant economic benefits from other industry sectors are not reflected in its plethora of recent calls for evidence and consultations, this needs to change because the economic benefits from using information technology in conjunction with smart materials are key enablers to tackle the energy trilemma are being lost.

For markets and competition to work effectively, we agree smart technologies and new business models need to be able to compete fairly with more traditional solutions. The current interventions by Ofgem to protect consumers by changing electricity transmission charging arrangements for Embedded Generators has the potential to create unintended consequences. Therefore, we feel Ofgem should send back the modifications as more work needs to be done with further analysis to be carried out. The limited scope of the proposals is contradictory to Ofgem's intent to protect consumers by potentially locking in future energy costs through using an established "historic" pricing model and existing networks.

SPECIFIC aims to address the challenge of low carbon electricity and heat by enabling buildings to generate, store and release their own energy, in one system, using only the energy from the sun.

SPECIFIC is one of seven Innovation and Knowledge Centres set up to foster new industries by closing the gap between scientific research and its commercial exploitation. SPECIFIC Innovation and Knowledge Centre was set up in 2011 with a £20m commitment over five years comprising grants from the Engineering and Physical Sciences Research Council (EPSRC), Innovate UK and the Welsh Government together with investment from Swansea University and its strategic industrial partners.

SPECIFIC would like to expand further on our reasoning for why the proposal should be sent back and look forward to having the opportunity to discuss this in greater detail with Ofgem.

Many thanks and Best Regards

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