



# Minded to decision and draft Impact Assessment of industry's proposals (CMP264 and CMP265) to change electricity transmission charging arrangements for Embedded Generators

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## *Response on behalf of the Solar Trade Association*

### About us

Since 1978, the Solar Trade Association (STA) has worked to promote the benefits of solar energy and to make its adoption easy and profitable for domestic and commercial users. A not-for-profit association, we are funded entirely by our membership, which includes installers, manufacturers, distributors, large scale developers, investors and law firms.

Our mission is to empower the UK solar transformation. We are paving the way for solar to deliver the maximum possible share of UK energy by 2030 by enabling a bigger and better solar industry. We represent solar heat, solar power and storage, and have a proven track record of winning breakthroughs in these sectors.

### Respondent details

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Would you like this response to remain confidential?	No

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We welcome the fact that Ofgem is addressing imbalances in the grid charging mechanism, however we have concerns over the speed of the change and the assumptions used. While we agree that rising TDR payments to smaller embedded generators is a problem which needs to be addressed in principle, we disagree with the minded to decision Ofgem has reached; TDR payments should be addressed as part of a wider network charging review.

Embedded generation typically complements variable renewable generation more effectively than large scale generation units. Given the ever-increasing penetration of renewable energy on the UK-

grid, it seems perverse to penalise small-scale embedded generation in an attempt to boost the economics of larger-scale generation.

### **Answers to Consultation Questions**

#### **Question 17: Of the options available to us, do you agree that WACM4 best facilitates the applicable CUSC objectives?**

National Grid could spend £8.8bn over the next 15 years (under its scenarios) upgrading and maintaining the transmission network. Embedded generation and storage (almost all battery storage falls below the 100MW threshold) represent reduced transmission demand, which can significantly reduce the need for transmission network investment.

It is unclear why Ofgem is minded to treat transmission demand reduced through embedded generation differently to demand reduced through other means, which as Cornwall Energy's [report](#) points out, sends different price signals for the same result.

We believe WACM4 will not lead to cost reflective charging arrangements. Instead we would support a review of Triads alongside a wider network charging review to ensure a fair, long-term arrangement which is genuinely cost reflective.

#### **Question 18: Do you believe that an implementation date of April 2018 best facilitates the applicable CUSC objectives?**

It is unclear why Ofgem has decided to review this Embedded Benefit on such a rushed timescale, having consulted twice on the matter relatively recently. It is also unclear why it could not have formed part of a wider network charging review.

Finally it is concerning that the decision panel responsible for the impact assessment did not include representatives from any manufacturers of distributed generation despite the fact any reforms would clearly significantly affect both groups. By contrast, six of the nine impact assessment panel members represent large generators.