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## Response to Targeted Charging Review consultation 5 May 2017

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### Summary

The ADE is the voice for a cost effective, efficient, low carbon, user-led energy system; a market in which decentralised energy can flourish. With over 100 members we bring together interested parties from across the sector to develop a strong, dynamic and sustainable environment for a range of technologies including combined heat and power, district heating networks and demand side energy services, including demand response and storage.

We agree that the potential for network 'sunk costs' to fall increasingly on groups of consumers who are less able to take action than others is something that Ofgem should address.

However, we would disagree:

- That Ofgem's work represents a holistic charging review that has been a long-standing recommendation for industry;
- That addressing the recovery residual charges should be the priority focus on Ofgem's network charging review; and,
- That residual charges are the same as the 'sunk costs' of the network.

Ofgem in its consultation has already so sharply focussed the SCR that it risks being able to deliver a more holistic approach to network charging reform. Instead of determining in advance the content and scope of the TCR, and therefore the SCR, we would instead propose that the TCR should, led by the CCG, determine what areas need to be reviewed, and their relative priorities, and the SCR should then be set up to deliver the underlying work in tandem. Such an approach would ensure that Ofgem's change process delivers holistic reform of the charging regime.

Ofgem's current approach appears to instead aim to focus on the recovery of the residual charge, which is important but not urgent, and a few smaller elements of the charging regime for distributed generation with a particular view of removing existing value for distributed generators, while still not undertaking the hard analytical work on net demand reduction's value to consumer missed in the rushed CMP264/265 process.

Areas which we need further consideration by Ofgem after not being considered by the rushed CMP264/265 process include:

- Distributed generation's impact on RIIO incentive's Load-Related capex
- Distributed generation's impact on avoided GSP costs, including Super Grid Transformers
- How the SQSS treats 'negative demand', and whether distributed generators have different investment requirements than transmission connected generators.

- How the distributed network connection regime impacts distributed generators' competitive position with transmission generation; and impacts distributed generation's ability to follow transmission network locational pricing
- Net demand reductions impacts on long-run transmission network costs

**Question 1: Do you agree that the potential for residual charges to fall increasingly on groups of consumers who are less able to take action than others who are connected to the system, is something we should address?**

We agree that the potential for network 'sunk costs' to fall increasingly on groups of consumers who are less able to take action than others is something that Ofgem should address.

However, we would disagree:

- That Ofgem's work represents a holistic charging review that has been a long-standing recommendation for industry;
- That addressing the recovery residual charges should be the priority focus on Ofgem's network charging review; and,
- That residual charges are the same as the 'sunk costs' of the network.

**The need for a holistic charging review**

Ofgem in its consultation has already so sharply focussed the SCR that it risks being able to deliver a more holistic approach to network charging reform. Instead of determining in advance the content and scope of the TCR, and therefore the SCR, we would instead propose that the TCR should, led by the CCG, determine what areas need to be reviewed, and their relative priorities, and the SCR should then be set up to deliver the underlying work.

We have addressed how a proper holistic reform process would take place in our response to Question 22.

**The focus on Ofgem's charging review**

If there are areas that should be focussed on initially, we would recommend that the focus should be on areas which went unaddressed in the CMP264/265 process.

Ofgem's minded-to decision for CMP264/265 would remove the residual payment for distributed generation export over a three-year period, with the final reduction in 2020. Therefore, there is a need to ensure areas where distortions work against distributed generators are fully explored and implemented, where merited, before 2020 if Ofgem is to reduce the risk of harming distributed generation assets unnecessarily.

In contrast, the issue of how to best recover the residual payments from all demand users is not as time sensitive, although we recognise that Ofgem is interested in finding a solution before residual avoidance has significant impacts on the network.

A primary role of the SCR should be to examine, provide evidence to, and determine the value of net demand reduction on the long-term costs of the transmission network. Ofgem's approach appears to instead focus on a few smaller elements of the charging regime for distributed generation with a particular view of removing existing recognitions, without having done the kind of hard analytical work which was missed in CMP264/265.

We have provided more detail on the types of analytical work missed in CMP264 in our response to Question 12.

### **'Common costs' vs the residual charge**

Ofgem states that residual charges are "common costs of the existing networks that can't be attributed to individual users' usage of the network". However, Ofgem has not undertaken any work or initiated any review to understand if the charging model has effectively left only the "common costs ... that can't be attributed to individual users".

We agree with Ofgem's assessment that users who are connected to the licensed networks should make some contribution to the common costs. We do not believe that 'common costs' should be the entire residual element, without analysis to ensure the residual element is a fair representation of the common costs.

Ofgem states that the payment or avoidance of residual charges create incentives "that could lead to a more expensive system overall". However, no evidence is provided to underpin this argument, or that this question requires further exploration.

As part of any effort to remove the ability to avoid the residual, Ofgem should ask in tandem, as part of a holistic review, whether the locational charge reflects the total marginal cost impacts on the system.

Transmission network costs have significantly increased between 2007 and 2021, rising from £900m to £3.8 billion. If there is inefficient locational pricing, or if the value of net demand reduction is not fully recognised, Ofgem will risk exacerbating these cost increases on consumers, rather than managing them.

The Brattle Group's report for the Australian Energy Market Commission noted that "The pricing of residual costs should not be inconsistent with the promotion of economic efficiency. This means that charges should be initially based on LRMC and adjusted to recover residual cost through Ramsey pricing, i.e., the inverse elasticity rule."<sup>1</sup> [emphasis added]

There is clear evidence that the locational charges are not currently reflecting LRMC. Ofgem notes that the locational charge reflects the "forward looking charges". However, since no revenue is recovered from the locational charge, Ofgem is implying that there is no 'forward looking costs' for demand.

Looking more broadly at the transport model itself, Imperial College proved that the locational charge is insufficiently reflecting the forward looking charges on the network using its Dynamic Transmission Investment Model (DTIM) to estimate the amount of revenue that would be recovered through locational TNUoS charges linked to the Long Run Marginal Cost (LRMC).

Through this modelling exercise, Imperial estimated more revenue that would be recovered through the locational element of the charge if it were set to better reflect the LRMC of transmission. Imperial University's LRMC analysis, using existing transport model assumptions, found that nearly 18% of revenue should be recovered from locational charging, 80% higher than is currently the case.

However, Imperial University also raised concerns about whether the transport model's underlying assumptions are undervaluing the cost of network expansion. The current transmission network expansion constant is based on a 400kv OHL, the cheapest transmission asset to construct, and up to three times lower than recent transmission network investment costs. If a more accurate expansion constant is used, locational charges would recover six times as much revenue, and would reduce the residual element.

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<sup>1</sup> <http://www.aemc.gov.au/getattachment/1a65e529-0266-4fdc-9812-e7c6113b6f0f/The-Brattle-Group-%E2%80%93-Total-efficient-cost-recovery.aspx>

Bushnell (2014) recognised that “*allocative inefficiencies can arise when transmission prices differ substantially from the marginal costs or providing the transmission services*”.

Baldwick (2011) similarly notes that “*Prices that are too low (e.g., set below incremental costs) incentivise over-consumption. This in turns leads to either an inefficient over-use of resources, as costs of meeting demand are greater than the value to consumers, or a shortage of resources as producers are unable to meet demand at those prices. Prices that exceed incremental cost, on the other hand, discourage consumption whose value more than compensates for the cost of production.*”<sup>2</sup>

This evidence indicates that Ofgem is entirely incorrect to assume that the residual costs are ‘common costs’ and should therefore be socialised across all network users. Net demand reduction and increased generation in certain areas have a much higher material value than Ofgem currently recognises, and by preventing avoidance of the residual Ofgem risks driving a higher cost network over the longer term.

This evidence also indicates the importance of taking a holistic approach to this issue, ensuring that costs are being fairly apportioned to all network users. If Ofgem does not address both sides of the charging model, residual and locational, it risks locking in inefficiency, discouraging demand reduction, and therefore discouraging long term benefits to consumers. By applying the residual charge without undertaking holistic reform Ofgem is likely to be penalising significant amounts of users for delivering far more than Ofgem currently understands.

Therefore we would propose that Ofgem’s priority focus on the recovery of the residual charge within its Targeted Charging Review is misplaced. The TCR process should be used to determine the areas of priority, and areas such as distributed generation value to network costs, and cost-reflective locational charging, should be given equal consideration in that process.

There are other areas where current charging methodologies are undervaluing net demand reduction on the system, which we have outlined further in our response to Question 12.

### **Question 2: If so, why do you think, or do not think, action is needed?**

Please see our response to Question 1.

### **Question 3: We are proposing to look at the residual charges in a Significant Code Review. Are there any elements of residual charges that you think should be addressed more urgently? Please say why.**

We welcome the acknowledgment that responding to charges can reduce the need for future network expansion.

The consultation document notes that customers on private wire networks may pay ‘significantly less for the same ability to access the wider network than those connected directly’. However, it would be wrong to assume all users impose the same costs on the network.

A private wire network owner, using dispatchable generation, may impose significantly less costs on the network than a different private wire owner with intermittent renewable generation.

### **Ofgem's example**

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<sup>2</sup> <https://pdfs.semanticscholar.org/0886/e5483ba46624d5651e2ccbe80337417064a7.pdf>

The private wire network example in the Ofgem consultation report is a conventional 'behind-the-meter' set up, whereby a (typically renewable) generating unit, synchronised with the grid, reduces a consumers consumption of distribution network supplied power without removing its reliance on the distribution network. As the power is highly intermittent, the private wire network remains as dependant on the distribution network as a consumer would be without behind-the-meter generation.

### **Other types of private wire network**

Private wire networks using dispatchable power (such as a biomass or gas CHP generator) are different, and have not been represented in Ofgem's consultation. A dispatchable generating unit on a private wire network typically produces enough power for all private wire consumers (and may also export). The distribution network is used as a seamless emergency backup and is used infrequently (as opposed to the intermittent renewable generator used in Ofgem's example).

### **Large private wire networks**

Further to the above, large private wire networks that supply power from a dispatchable generator to multiple consumers will require those consumers to be disconnected from their existing distribution network supply points and use the import/export connection of the generator for seamless backup supply. This is to avoid the major network synchronisation and fault issues of two parts of a distribution network becoming connected. These private wire consumers will however, keep their existing connection to the distribution as a failsafe, during periods of unforeseen downtime on the private wire network and to prevent them from becoming stranded from the distribution network in the long term.

### **Why the status quo works**

Consumers on a large private wire network already pay a residual charge to the DNO to keep their direct connection onto the distribution network available should they need it. They pay other metered residual charges should they make use of that supply. The private wire supplier also pays a capacity charge for the same capacity on its import/export connection point. This is used as a seamless backup and attracts metered residual charges in the first instance. Effectively the DNO is paid capacity charges twice for the same capacity, and once for the metered distribution costs. This is considered fair and reasonable - consumers should pay a 'rent' to the DNO to maintain their connection and a 'usage charge' when they (or the private wire supplier) make use of the public network.

### **Why Ofgem's suggestion of a universal capacity charge is problematic**

Ofgem seems to be leaning towards a capacity charge mechanism whereby the metered 'usage charge' element of the residual costs of the public network will be converted to a capacity charge (i.e. a rent). This is irrespective of what a consumer plans to use the public network for; whether as primary supply or as a seamless back up or a failsafe on a private wire network. If Ofgem does this it will result in disproportionate penalties to some private wire networks over others:

- Private wire networks with dispatchable generators use the distribution network less than intermittent generators as a seamless back up supply. Converting residual usage charges to a rent will impose the same charges on both without any regard to actual usage (as opposed to the current charging mechanism that does).
- Private wire networks with large consumers that must be disconnected from the distribution network, but maintain their distribution network connections will be forced to pay for a network they do not intend to use on a regular basis. DNO's will be paid twice for all residual costs of a network - once for the private wire seamless back up connection

(see point one above) and second for the consumers failsafe connection. This is considered punitive and disproportionate to actual usage.

- We are aware of hundreds of megawatts of CHP which are not able to secure export agreements with distribution networks, due to the too high downstream network cost impacts. This restriction means these generators are not able to access the markets available to other generators, and yet Ofgem is proposing they should be required to pay for those national networks.

What these examples indicate is the important that, as part of any review of recovery of the residual from private wire networks, Ofgem is similarly focussed on whether distribution network charging currently reflects the value which some private wire networks are providing to the network system, including how network charging reflects different security/quality values of different types of private wire networks.

**Question 4. Were there elements of the approaches in other countries that you think could be appropriate for GB residual charges?**

There are important lessons from other countries which should be reflected in Ofgem's work

- The reports note the importance of basing changes on a robust and independent analysis, including the long-term network benefits of distributed generation. The US example suggest that forward-looking LRMC-based assessment of the impacts of distributed generation on network costs are appropriate, but that any proposals made by the utilities themselves need to be scrutinised. To date, this analysis has not been undertaken by Ofgem.
- The AEMC example notes that replacement capex should be included in LRMC estimates, along with average incremental costs, including capital and operation costs.
- The fact that all of these examples do not have locational cost-reflective tariffs may be significant in determining whether these examples are of value for GB, and further consideration should be given here if Ofgem plans to use these examples further.

All UK charging decisions should be based on analysis of cost-reflectivity. The role of international examples and academic literature should be to provide guidance, but final decisions should be based on the cost reflective impacts on the GB system. We are concerned that Ofgem regularly cites academic literature to support its approaches, without undertaking necessary GB-specific analytical work alongside it to support those approaches.

**Question 5. Are there other approaches that you know about from other jurisdictions, that you think offer relevant lessons for GB?**

Please see our response to Question 4.

**Question 6. Do you agree that our proposed principles for assessing options for residual charges are the right ones? Please suggest any specific changes, or new principles that you think should apply?**

We have concerns that these principles are being developed before the work of the CCG has started. We see it as the role of the CCG to develop the overarching principles governing network charging reform, which would then steer the working groups.



Some principles that we would want to see captured in Ofgem's work would include:

- Consider other distributional impacts, including impact on low carbon generation, local authorities and industrial energy users.
- That alongside ensuring the residual charge cannot be avoided, Ofgem should commit to a principle of working to reduce the residual charges as far as cost-reflectively possible to ensure charges are as cost reflective as possible.
- Commit to understanding how Ofgem's proposals will impact both energy efficiency and reductions in net demand, and how these will impact the long-run cost of electricity networks.
- Commit to understanding how these changes will impact system operation, including flexibility and security of supply. National Grid estimates there is 2 GW of triad avoidance by large energy users, which will have to be made up for in other ways.

**Question 7. In future, which of these parties should pay the transmission residual charges: generators (transmission or distribution connected), storage (transmission or distribution connected) and demand, and why? What proportion of these charges should be recovered from each type of user?**

Until analysis has been undertaken a review of how much of the residual charge is truly reflective of the 'sunk' or 'common' costs, it is very difficult to respond to the question of what proportion of these charges should be recovered from each type of user.

Charges should, wherever possible, be applied evenly across all users.

Specifically on the generation residual, this is an issue which should require Ofgem's priority attention. The negative generation residual is expected to cost consumers -£671m in 2021.

The generation residual has an impact on competition, providing a £8.6/kW benefit to 78 GW of transmission generation by 2021<sup>3</sup>. However, it has an even larger impact on consumers, as it is funded from the 45 GW of demand through the demand residual, costing demand users £15/kW<sup>4</sup>.

Ofgem's Impact Assessment states that removing the TDR will result in transmission generation replacing distributed generation in the Capacity Market. With a negative generation residual, every megawatt of displaced transmission generation avoids an additional £8.6/kW payment to transmission generators, which also avoids an additional £15/kW charge to demand customers.

Unlike the demand residual, which is rising as a result of network costs rising, the generation residual is completely non-cost reflective as it reflects the legislative EU cap on generation cost recovery.

**Question 8. In future, which of these parties should pay the distribution residual charges: generator (transmission or distribution connected), storage (transmission or distribution connected) and demand, and why? What proportion of these charges should be recovered from each type of user?**

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<sup>3</sup> £671m divided by 78 GW of generation. 78 GW of generation is the total generation assumption in Ofgem's CMP264/265 Impact Assessment.

<sup>4</sup> £671m divided by 45 GW of demand.

Until analysis has been undertaken a review of how much of the residual charge is truly reflective of the 'sunk' or 'common' costs, it is very difficult to respond to the question of what proportion of these charges should be recovered from each type of user.

However, charges should, wherever possible, be applied evenly across all users.

**Question 9. Do you support any of the five options we have set out for residual charges below, and why?**

We do not agree that there is sufficient information at this time to determine the best way to charge residual charges. It is far more important to first decide principles and to begin weighing those principles against the options. The progression of both the principles and the options should be determined through the work of the charging work groups.

We would note that the CCG should be free to choose to prioritise other areas than the recovery of residual charges.

**Question 10. Are there other options for residual charges that you think we should consider, and why?**

The ADE has no comment.

**Question 11. Are there any options that you think we should rule out now? Please say why.**

While we think any decisions on residual charging should be left to the charging work groups, we would note that charging on gross metering is likely to be highly complicated and expensive. The cost of installing meters would be prohibitive of such an intervention and if this proposal is progressed, the implementation costs should be fully considered.

**Question 12. Do you think we should do further work to analyse the potential effects of the charging arrangement for smaller EG (called embedded benefits)?**

We are very concerned that Ofgem is focussed only on 'embedded benefit' issues that look to remove further value from distributed generators, and discouraged that a range of issues raised regarding unfair treatment to embedded generators are being ignored by this review.

CMP264/265 set the avoided GSP cost of distributed generation at £2/kW, based on a National Grid assessment from 2013. However, CMP264/265 did not review or analyse this four-year-old study, which only looked at a dozen different GSPs to reach its assessment, and excludes the impact of Super Grid Transformers.

The issue of connection costs across the transmission and distribution system is material. As National Grid has indicated in its RIIO Annual Report, decreases in demand and transmission generation requires reduced investment "to maintain network integrity within and across network boundaries".<sup>5</sup>

However, transmission generation pays 'shallow connection costs to participate in the system, which is based simply the simply recovering the costs related to the physical connection assets

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<sup>5</sup> <https://www.ofgem.gov.uk/publications-and-updates/riio-electricity-transmission-annual-report-2015-16>



between the connected party and the nearest network connection point. All of the downstream costs are socialised.

In contrast, distributed generators face 'deep' connection charges, which are based on a combination of shallow charges plus the costs related to any additional "downstream" network reinforcement required to support the load of the connected party.

As Cornwall Energy's evidence to Ofgem in its response to the CMP264/265 consultation showed, these differences create competitive differences between different types of generation, where smaller generators are required to pay for related network reinforcement up front. And the distributed generator is not required to pay for this reinforcement on just the distribution network, but also has to pay for any reinforcement required on the transmission network.

Further, if these super-steep connection charges prevent generators from accessing transmission network locational charges, they are at further disadvantage, unable to participate in the marketplace. If a small generator is unable to secure from a distribution network an ability to export onto the network system, should that small generator be obligated to pay for the national network system?

Other areas which we need further consideration by Ofgem after not being considered by the CMP264/265 process include:

- Distributed generation's impact on RIIO incentive's Load-Related capex
- Distributed generation's impact on avoided GSP costs, including Super Grid Transformers
- How the SQSS treats 'negative demand', and whether distributed generators have different investment requirements than transmission connected generators.
- How the distributed network connection regime impacts distributed generators' competitive position with transmission generation; and impacts distributed generation's ability to follow transmission network locational pricing
- Net demand reductions impacts on long-run transmission network costs
- The triad charge and potential alternative methodologies for recovering cost
- Whether access rights for small generators needs to be reformed alongside the application of residual charges

This analysis was not undertaken in the rushed CMP264/265 process, and therefore should be an area of priority for Ofgem in its future charging work. These issues are addressed in more detail in our response to Ofgem's consultation on its CMP264/265 minded-to decision.

**Question 13. Do you think changes are needed to the current charging arrangements for smaller EG, and when should any such changes be implemented?**

Ofgem's minded-to decision for CMP264/265 would remove the residual payment for distributed generation export over a three-year period, with the final reduction in 2020.

Therefore, there is a need to ensure areas where distortions work against distributed generators are fully explored and implemented, where merited, before 2020 if Ofgem is to reduce the risk of harming distributed generation assets unnecessarily through the creation of a less cost-reflective charging regime.

Even a short-term gap between the final reduction in 2020 and the recognition of DG's cost-reflective benefits could result in plant closures due to temporary implementation of less cost-reflective pricing, and should therefore be avoided.

**Question 14. Of the embedded benefits listed in our table, do you think that any should be higher or lower priority?**

We think that reform of BSUoS should be a lower priority compared to the need to address the issues raised regarding unfair treatment of EG. The issue of the TNUoS generation residual should be a similar higher priority.

Demand residual payments are an important issue, but they should be dealt holistically. However, nothing to date has indicated Ofgem is taking a holistic approach through this review.

**Question 15. Do you think there are other aspects of transmission or distribution network charging which put smaller EG, or any other forms of generation or demand, at a material disadvantage?**

Please see our response to Question 12.

**Question 16. Do you agree with our view that storage should not pay the current demand residual charge, at either transmission or distribution level?**

Yes.

However, for avoidance of doubt, we would not be supportive of storage export being treated as a net charge for the demand residual as this would create a clear competitive disadvantage between distributed storage and distributed generation.

We are also confused why Ofgem is proposing that storage should receive the generation residual, when it has determined that it should not receive the demand residual. This logic does not appear to make sense.

We are concerned about how this would be implemented in practice, including how the network operator would know whether a particular demand meter is for a storage site or is for a demand site. This challenge may indicate that Ofgem's proposed approach where different users are charged different elements of network costs begins to create administrative complications.

**Question 17. Do you agree with our view that storage should not pay BSUoS on both demand and generation?**

We are unsure about this proposal. When electricity is brought off the system or sent into the system, there is an impact on the overall balancing costs of the system. A storage site buys and sells electricity onto the system, and therefore we are unsure why each delivery of energy should not be liable for BSUoS.

We also have concerns about how this proposal would work in practice, which may need further consideration. For example, what happens if a generator and a storage provider share a site; How would the network operator know if the generation is storage export or generation export.

Similarly, if storage was on a demand user's site, how would the system know what demand was for storage and what for demand?

**Question 18. Which of the BSUoS approaches describe is more likely to achieve a level playing field for storage?**

The ADE has no comment.

**Question 19. Do you think the changes in this chapter should be made ahead of any wider changes to residual charging that may happen in future? Do you agree with our view that these changes should be implemented by industry through the standard code change process?**

The ADE has no comment.

**Question 20. We would welcome your thoughts on the potential make-up of a CCG. Please refer to the potential role, structure, prioritisation criteria, and assessment criteria.**

We recommend that the CCG is made up of a group of senior representatives of industry, consumers and policy makers to agree the overall strategic principles of charging reform, and drive the delivery of reform according to these principles. This would be an advisory group to support working groups, code panels and Ofgem as the decision making authority. Industry make up should include representatives of the different kinds of decentralised energy providers, which includes demand turn down, on-site generation, peaking plants, renewables and storage.

The Secretariat for the CCG will need to provide governance support and ensure all recommended solutions are workable and efficiently progressed through existing code governance structures once outside of the CCG. Alongside the secretariat, there will need to be resource to undertake neutral analytical work that will provide the evidence base to support particular directions of travel (such as long-term consumer or network impacts).

**Question 21. Do you agree with our proposed delivery model, including its scope?**

We welcome the role of the CCG and the delivery process, but it remains very unclear just how Ofgem's plans to use this delivery model and its relatively narrow scope to deliver holistic reform of network charging.

In fact, Ofgem in its consultation has already so sharply focussed the SCR that it risks being able to deliver a more holistic approach to network charging reform. Instead of determining in advance the content and scope of the TCR, and therefore the SCR, we would instead propose that the TCR should, led by the CCG, should determine what areas need to be reviewed, and their relative priorities, and the SCR should then be set up to deliver the underlying work.

We appreciate that alongside the TCR there will be a Future Focussed Strategy, which will develop further areas of work. However, we have received conflicting feedback about whether these different areas of work will be developed in tandem, which we see as an essential requirement of any holistic reform process.

**Question 22. Do you agree that our proposed SCR process is most appropriate for taking forward the residual charging and other arrangements for smaller EG discussed in this document?**

Ofgem in its consultation has already so sharply focussed the SCR that it risks being able to deliver a more holistic approach to network charging reform.

Instead of determining in advance the content and scope of the TCR, and therefore the SCR, we would instead propose that the TCR should, led by the CCG, should determine what areas need to be reviewed, and their relative priorities, and the SCR should then be set up to deliver the underlying work.

For example, Ofgem has stated that the SCR will address residual charging and elements of the charging arrangements for smaller EG. However, it has not specified which elements of the charging arrangements for smaller EG will be part of the SCR, or how these elements will be determined.

We see the primary role of the SCR to be examining, providing evidence to, and determining the value of net demand reduction on the long-term costs of the transmission network. Ofgem's approach appears to instead aim to focus on a few smaller elements of the charging regime for distributed generation with a particular view of removing existing value for distributed generators, while still not undertaking the hard analytical work on net demand reduction's value to consumer missed in the rushed CMP264/265 process.

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