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Small Generator Discount: Statutory Consultation on Modification of Standard Licence Condition C13

ERG is among the main European onshore wind player with a fully operational portfolio of more than 1,8 GW. In terms of investments, as stated in the most recent industrial business plan, presented in March 2018, the UK is one of ERG's priority markets for developing new renewable assets. We have a significant pipeline of projects in Scotland and Northern Ireland for more than 200 MW and are committed to grow through additional greenfield development and joint ventures. In terms of strategy, notwithstanding there is currently no Government support for the development of mature renewable technologies, ERG is moving ahead with several projects on a merchant basis as we believe in our pluriannual industrial expertise in building and operating renewable energy plants and Scotland has some of the best wind resources in Europe. In absence of any mechanism to stabilize revenues, a stable regulatory framework, allowing access to different streams of revenues and avoiding unexpected or unfair costs, is obviously paramount when investing in long-term projects.

Nonpunitive electricity network charges are fundamental to allow for the development of merchant wind projects, as the lack of Government support and securities imply that these projects must be built in areas with the best wind resources – that is, not necessarily close to the demand - to be profitable.

In this perspective, the small generator discount (SGD) helps level the playing field between projects connected at 132kV in Scotland and projects located elsewhere (e.g. in England and Wales). ERG therefore welcomes Ofgem's proposal for a temporal extension of the SGD but recommends that such extension is linked to the parallel reform of network access and forward-looking charges and the Targeted Charging Review. These two reviews could have a significant impact on the economic sustainability of future merchant projects, and if they fully address the current disadvantage for 132kV connected users, then the SGD could be phased out. However, any restriction to the SGD before there is certainty about the future network cost could unnecessarily curb zero-support investments in renewable energy capacity, such as ours.

Yours sincerely,



Mark Evans

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