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Re: The Renewables Infrastructure Group Limited's (TRIG) Response to the *Targeted Charging Review: minded to decision and draft impact assessment*

TRIG is a FTSE 250 listed Investment Company focused on renewable energy infrastructure that owns a portfolio of 62 renewable assets across the UK, Ireland, France and Sweden. Its assets have a generating capacity of 1,110MW, of which the majority (c708MW) is based in the UK.

As a pioneer in the listed renewables investment space we are well placed to offer a response to the Targeted Charging Review Consultation that reflects the view of a significant and long term investor in the UK renewable energy market. Our view of the impact of the measures consulted on is that Ofgem's potential decision would be detrimental to current investors in renewable energy in the UK and their confidence in the UK renewables market. These investors had not envisaged such changes to the income that they could expect when those investments were first made.

We have chosen to directly address Question 15 only: Do you agree with our minded to decision set out? If not please state your reasoning and provide evidence to support your answer.

Firstly, we do not agree with proposed approach to the reform of the remaining non-locational Embedded benefits. Specifically, TRIG disagrees with the publication of a minded to decision regarding the BSUoS Embedded Benefit and BSUoS Distributed Generation Charge before the work of a NGESO task force investigating balancing service charges has concluded. It is possible that the task force's conclusion will result in a significant change, or even reversal, of the changes outlined in this minded to decision. Concluding the task force's work prior to setting out a position BSUoS would avoid unnecessary disruption, and the related consequences on investor confidence.

We also disagree with the proposed change to the Small Generator Discount. It fails to address the underlying market distortion resulting from different approaches to generators on otherwise identical connections in England and Scotland, resulting in inefficient signaling. Such conflicting signals are within the scope of the Forward Looking and Access Rights work and it is logical for any change to the Small Generator Discount to be considered after this work has concluded.

Furthermore, Paragraph 6.22 states that the modelled consumer benefits of the proposals are "partially offset by increases in Capacity Market clearing prices and payments to generators supported by CfDs". Renewable generators are not currently permitted entry to the Capacity Market and are therefore disproportionately affected by these proposals. Similarly, significantly de-rated low-carbon plant, such as battery storage, will see little of the benefit from offsetting increases in Capacity Market prices. It should also be acknowledged that the Capacity Market is currently suspended and that there will be an associated consequence for investor confidence and resulting increase in cost of any new generation. Ofgem fails to link these impacts with the wider vision of a delivering a sustainable future energy system.

We believe the impact of the proposals on investor confidence has been underestimated in the analysis, potentially leading to an over-estimation of the consumer benefit arising from the changes.

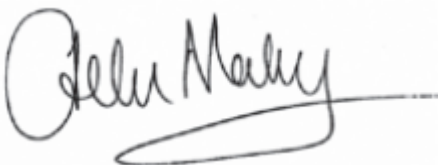
With regards to the proposed approach to transitional arrangements, we raise two specific issues;

- 1) the consultation does not clarify how the TNUoS generation tariffs will be set. We would ask Ofgem to be clear on how this proposal will be implemented as such regulatory uncertainty undermines investor confidence.
- 2) As outlined above proposals relating to balancing charges should be deferred until the task force has concluded and we are disappointed that the Small Generator Discount proposal will not be considered after the conclusion of the Forward Looking and Access Rights work as announced on 24th January 2019.

We favour a delay to the implementation of any changes to align with the Significant Code Review on Access and Forward-Looking Charges in order to provide the industry with optimal regulatory certainty and least impact to investor confidence.

To conclude our response, it is our view that the proposed changes outlined in Ofgem's minded to decision on the Targeted Charging Review will have a detrimental impact on investor confidence in the UK energy market. Harming investor confidence at a critical time in the UK's energy transition is not advisable, in our view, and as well as impacting existing investments may also serve to slow down the future development of renewables in the UK.

Yours sincerely,

A handwritten signature in dark ink, appearing to read "Helen Mahy", with a long horizontal flourish extending to the right.

Helen Mahy
TRIG Chairman