



By email only

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10 September 2019

Dear Mr Kenyon-Brown,

Adjustments to the Electricity Market Reform Delivery Body Revenues

Please find npower's response to the above consultation. It is not confidential and we are happy for it to be placed in the public domain.

National Grid Electricity System Operator as the Delivery Body of Electricity Market Reform has requested £17.11m additional revenue adjustment for the period from April 2016 to March 2021. Ofgem is proposing a £9.36m revenue adjustment (instead of the requested £17.11m). This will be shared between the Contracts for Difference (CfD) and the Capacity Market (CM) schemes.

Ofgem has proposed a revenue adjustment between 2017 to 2021 to recover the posited £9.36m additional revenue over this period (Table 3 on page 24 of the consultation document refers). Given we are now, in September 2019, part way through the period, it is not clear reading the consultation how Ofgem proposes to recover the additional revenue adjustments for the 2017 to 2019 period.

Is Ofgem seeking to recover the £5.71m (ie, £2.39m + £2.26m + £1.06m) proposed additional revenue between 2017 to 2019 over the rest of this price control period (ie from April 2020 to March 2021)? If so, how this would be spread between CfD & CM schemes? Or, would these revenue adjustments carry forward into the next price control?

We believe it would have also been better if Ofgem could have provided an impact assessment on the respective schemes' costs and a £/MWh impact on customers under each scheme as a result of this proposed revenue adjustment.

We would welcome further clarification, as we will have to take account of this in our own forecasts.

Yours sincerely,

Paul Tonkinson
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