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Andy Burgess
OFGEM
10 South Colonnade
Canary Wharf
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24 September 2019

Dear Andy,

Re: RES Response to the “Future Charging and Access programme – consultation on refined residual charging banding in the Targeted Charging Review” letter

The following is a response to the “Future Charging and Access programme – consultation on refined residual charging banding in the Targeted Charging Review” dated 3 September 2019 (“the September supplementary consultation”) submitted by Renewable Energy Systems Limited (RES). Our response is not confidential.

RES is the world’s largest independent renewable energy company active in onshore and offshore wind, solar, energy storage and transmission and distribution. At the forefront of the industry for over 35 years, RES has delivered more than 16 GW of renewable energy projects across the globe and supports an operational asset portfolio of 5 GW worldwide for a large client base.

We welcome the September supplementary consultation and commend Ofgem for accepting the clear message from industry that further assessment of the impact of TGR and BSUoS reforms upon renewables was required. We also commend Ofgem for sharing its emerging thinking on the form of demand residual charges. In particular, we welcome the confirmation that demand residual charges would only be recovered from final demand users and that energy imported at generation and storage users would be excluded.

RES notes the proposed approach to recovery of demand residual charges on the basis of fixed charges broken down by customer segmentation. We can see how this approach could, in principle, realise efficiencies relative to status quo but consider further detail is required on how these charges will be derived before a complete assessment can be made. We look forward to more detail on how this proposal will be translated into a proposed modification to charging methodology.

RES has contributed to and supports the response to the September supplementary consultation submitted by RenewableUK. We understand that, in conducting the further impact assessment of the TGR and BSUoS reform upon renewables, Ofgem is not presenting a scenario but demonstrating in principle how the effect of changes in renewables build out would be reflected through its proposals. However, it has to be highlighted that a 50% drop out of renewables delivery, as used by Ofgem, still seems a highly optimistic renewables

scenario given current build out rates of onshore wind / solar and also in light of the cap on Offshore Wind procurement under current CFD rules. We encourage Ofgem to revisit this analysis on the basis of renewables deployment assumptions that recognise these factors. We also encourage Ofgem to perform and share impact assessment of the scenario of partial BSUoS reform, particularly given the direction of travel of conclusions emerging from the Balancing Services Taskforce. Adopting these additional impact assessments would present a more complete and realistic view of impact on the GB consumer and system cost.

If you wish to discuss any of the points raised in this response, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'P. Smart', is enclosed within a thin black rectangular border.

Patrick Smart
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