

**Forward Work Programme
OFGEM**
10 South Colonnade
Canary Wharf
London
E14 4PU
Email to: FWP@ofgem.gov.uk

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Forward Work Programme 2021/22 Consultation

ERG welcomes the opportunity to comment on OFGEM's Forward Work Programme 2021/22.

About ERG

ERG has been actively operating in the energy sector for more than 80 years (Est. 1938). Today, ERG is a leading European onshore wind operator with a portfolio composed of more than 1,200 turbines from the main original equipment manufacturers (OEMs). ERG has operational onshore wind assets of approx. 2 GW in Europe and new developments in France, Germany, Poland and the UK and takes an integrated long-term approach to the development, construction, management and maintenance of its assets. Besides onshore wind, ERG also owns and operates solar and hydro assets, as well as a combined cycle natural gas plant.

ERG actively contributes to the fight against climate change by investing in green energy. ERG plans to continue growing its renewable energy portfolio in the UK, using its industrial knowledge, local presence and quality sites, whilst operating efficiently with a high level of expertise. ERG has high ratings in environmental, social and governance and Carbon Disclosure.

Point 4: low carbon infrastructure

We welcome OFGEM's recognition that *"there is broad consensus on ... accelerating the deployment of renewable power..."* while noting *"key questions"* remain around the roles of hydrogen, nuclear and CCS because this reflects the messages in the *Energy White Paper*. However, the Forward Work Programme does not demonstrate that mature onshore renewables are a consideration either in their central role to accelerate the deployment of renewable power or in

their impact on transformation of the onshore electricity network. By contrast, the *Energy White Paper* clearly states that “Onshore wind and solar will be key building blocks of the future generation mix”.¹ We would welcome recognition of the role and impact² of onshore renewables 2021/22 programme.

We note OFGEM’s aim to “to ensure necessary infrastructure enablers are in place by 2025 by ... efficiently transforming the onshore network, connecting new supply and increasing demand needed to meet net-zero targets” and support building the foundation for net zero within these next five years. We believe the key role of onshore renewables as well as their inherent locational restrictions, should be recognised by OFGEM in these plans. The Significant Code Review (SCR) package, with implementation dates between 2021 and 2023 and adverse impacts on mature onshore renewables, is a source of significant uncertainty which serve to dampen investor confidence, therefore indirectly adding uncertainty to network development in the near-term.

Point 5: full chain flexibility

In the Forward Work Programme it is noted that demand shifting, storage and interconnectors are seen as flexibility that would “avoid” investment in generation plant and network capacity. The idea that flexibility should be used to in lieu of, rather than alongside, generation runs counter to all net-zero scenarios published in the FES 2020 document:

“Across all scenarios we see a growth in renewable energy generation, including a significant expansion in installed offshore wind capacity, and a widespread uptake in domestic electric vehicles, with the main difference across the scenarios being the rate of this uptake. For electrification to be a way to decarbonise the transport sector or other sectors, it’s essential that the carbon intensity of electricity generation continues to reduce before other sectors increase their reliance on electricity. Otherwise, energy consumers are simply moving from one carbon intensive source of energy to carbon intensive electricity. Other common elements include a greater role for flexibility services to help manage the variable nature of wind and solar generation.”³

A clarification of this point would be welcome, as the way it is currently worded seems to indicate a default approach of considering how to reduce, rather than how to best facilitate, deployment of renewable generation, which does not take into account what is required to meet the net zero targets.

¹ Pg 45, *Energy White Paper*,
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/945899/201216_BEIS_EWP_Command_Paper_Accessible.pdf

² Not only system impact, but also for consumers. Electricity generated by nuclear and CCS plants come with fuel costs (including disposal costs), high costs of capital and dismantelling. Onshore renewables, by contrast, with no fuel costs and lowest levelized cost of electricity (BEIS, *Electricity Generation Costs 2020*) therefore would align with the objective of protecting consumer interests.

³ Page 3, *Introducing the FES 2020 Scenarios*,
https://www.nationalgrideso.com/sites/eso/files/documents/introducing-the-fes-2020-scenarios_1.pdf

Point 8: energy system governance

Efforts to create adaptivity, agility, increase responsiveness, and bring about stronger strategic oversight related to the energy system transformation (and including those related to Point 9: transforming OFGEM) are strongly welcomed. The ongoing SCR provides an opportunity to implement these practices. Over the previous three years of the SCR, there has been seemingly slow progression and unresponsiveness to policy announcements or investors' concerns which brought in uncertainty - if the reforms are right for incentivising investment, for aligning with net zero, for protecting consumers' interests, how they may interact with future reforms, etc.. Increased adaptivity and ability to respond, and to do so strategically where there are interacting but separate reforms, will be very useful in building the holistic picture on which an investment case can be built.

Yours Sincerely,

Catherine Wicks

Catherine Wicks

UK Business Development and M&A

ERG UK Holding Ltd