

Targeted Charging Review: a consultation

Response from ESA

The Environmental Services Association (ESA) is the trade association representing the UK's resource and waste management industry. Our member companies are helping the UK move towards a circular economy by collecting, sorting and treating waste to recover materials and generate energy whilst protecting the environment and human health.

We welcome the opportunity to respond to this consultation. We have focused our response on some of the more general concerns shared by our members.

Question 12: Do you think we should do further work to analyse the potential effects of the charging arrangements for smaller EG (called 'embedded benefits')?

Yes. It is vital that work is done to examine the effect of proposed changes on the long-term costs of the transmission and distribution networks, as well as security of supply. Ofgem should also ensure a proper assessment is undertaken of the impact of proposals on each industry affected and its customers. In the case of waste-fuelled power generation, a significant reduction in revenue will hit local authorities who are already struggling to maintain standards in waste services in the face of budgetary cuts.

Question 13: Do you think changes are needed to the current charging arrangements for smaller EG, and when should any such changes be implemented?

Yes. However, changes should not be made until a comprehensive review has taken place.

Whilst this consultation does not seek views on the CMP264/265 consultation, it is important to note that the scope of the two consultations overlap, and the conclusions reached by the TCR could differ from the CUSC modification proposals. Ofgem should therefore delay its decision on CMP264/265, or at least take a less drastic interim measure, to avoid having to reverse the change following the TCR.

Question 20: We would welcome your thoughts on the potential make-up of a CCG. Please refer to the potential role, structure, prioritisation criteria and assessment criteria.

We agree that the CCG should comprise "wide industry representation to help steer the overall charging reform programme". It is therefore important that sub-100MW embedded generation is represented in the group.

Question 21: Do you agree with our proposed delivery model, including its scope?

We would prefer Ofgem to lead an end-to-end process to develop code modifications (process option iii) since it would allow for a closer involvement of industry, including those not currently represented on the CUSC panel.

Question 22: Do you agree that our proposed SCR process is most appropriate for taking forward the residual charging and other arrangements for smaller EG discussed in this document?

Yes.

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