

2 January 2019

For the attention of Mr Andrew Self

Office of Gas and Electricity Markets  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

By email to [Andrew.Self@ofgem.gov.uk](mailto:Andrew.Self@ofgem.gov.uk)

Dear Andrew,

[Response to statutory consultation to modify Standard Licence Condition C13 regarding the extension of the Small Generator Discount until 31 March 2021](#)

### **Falck Renewables Wind Ltd**

Falck Renewables Wind Ltd is the UK subsidiary of Falck Renewables SpA, a publicly listed company based in Milan (hereafter referred to as "Falck"). The company has three UK offices, in London, Inverness and Bellshill. Falck has interests in onshore wind, solar, biomass and waste to energy, although to date in the UK has exclusively developed onshore wind farms.

Falck operates a portfolio of 1GW of renewable energy installed capacity across a number of countries, including Italy, Spain, France, USA and the UK. The UK portfolio comprises 12 operational wind farms with an installed capacity of approximately 413MW. Ten of these projects are located in Scotland, one in Wales and one in England, connected at a variety of connection voltages. Our largest project is Millennium Wind Farm, which is connected at 132kV and represents 16% of our installed capacity on its own. The small generator discount was a key element in the investment decision for Millennium, and the development of an 'enduring solution' to the Small Generator Discount is of great importance to the ongoing operation of the project.

### **Consultation response**

We are pleased to provide our response to the statutory consultation to modify Standard Licence Condition C13 regarding the extension of the Small Generator Discount (SGD) until 31 March 2021. We confirm that we strongly support the proposal to extend the expiry date for SLC C13 from 31 March 2019 to 31 March 2021. We also welcome further discussion of the enduring situation regarding transmission charges for generators connected at 132kV in Scotland as part of the Targeted Charging Review (TCR) to address the ongoing discrepancy between the charges paid by generators in Scotland compared to generators connected at the same voltage in England and Wales.

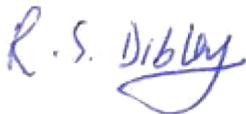
The SGD was introduced at the time of the implementation of BETTA in 2005 and was introduced to address the discrepancy between sub 100MW generators connected at 132kV in England & Wales versus those connected in Scotland which are treated as transmission connected projects rather than embedded generators. The SGD was introduced as a temporary measure until enduring charging arrangements could establish a level playing field for small 132kV connected generators in Scotland. We support the proposal to extend the SGD until 31 March 2021 to allow further time to identify an enduring charging arrangement. We believe that 132kV connected projects have been developed and built in Scotland since 2005 in the expectation that an enduring solution would be forthcoming, and we therefore hope that this is properly considered through the TCR, to address the need for an enduring solution through updated charging arrangements.

We put forward a CUSC Modification proposal CMP 302 in August 2018 to address the ongoing issue of discriminatory grid charges for 132kV connected generators in Scotland. The CUSC Mod process would have provided an opportunity for this charging discrepancy issue to be openly considered and discussed. We note that Ofgem directed that CMP302 should be put on hold indefinitely and we would strongly urge that this issue gets properly considered as part of the TCR, in lieu of consideration through the CUSC Modification.

The economics of renewable generation in Scotland have been steadily eroded over a number of years through changes such as removal of eligibility for LEC payments, and the introduction of geographic/seasonal transmission losses. We note that changes proposed in the TCR regarding the TNUoS generation residual will further worsen the situation for transmission connected generators in Scotland. We therefore welcome the proposal to extend the SGD until 31 March 2021 but request that proper consideration and discussion is given to finding an enduring solution to the issue of discriminatory grid charges for 132kV connected generators in Scotland.

Please do not hesitate to contact me if you have any queries about our response to your consultation. We look forward to further engagement about this important issue.

Yours sincerely,



Richard Dibley  
Managing Director  
Falck Renewables Wind Limited