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Andrew Self
Ofgem,
10 South Colonnade, Canary Wharf, London E14 4PU.
Submitted by email.

4 January 2019

Dear Andrew,

Re: RES Response to consultation on the extension of the small generator discount

<https://www.ofgem.gov.uk/publications-and-updates/statutory-consultation-our-proposal-modify-standard-licence-condition-c13-adjustment-use-system-charges-small-generators-electricity-transmission-licence>

RES is the world's largest independent renewable energy company working across the globe to develop projects that contribute to our goal of a secure, low carbon and affordable energy future. We develop, construct, finance and operate onshore wind, solar PV, transmission network and energy storage assets.

In over 35 years of operation, RES is responsible for 10% of the UK's onshore wind capacity and 13GW of wind globally, has developed 1.3GW of solar PV globally, built over 1,600km of transmission network outside the UK and become a world leader in energy storage, with 240MW of assets in operation or advanced construction stage, including 80MW in the UK.

We have been closely involved in the development of the related network charging proposals through our role on the Charging Futures Forum Task Force on Access Rights, NGET's "Exporting GSPs" working group, CUSC modifications including CMP213 (Transmit) and CMP192 (User Commitment) and my own role as the lead generation representative (vice-chair) on the ENA's DER Connections Steering Group; as such we are pleased to provide this response.

We welcome the recognition that the small generator discount exists to partially mitigate a fundamental distortion between Scottish generators and generators in the rest of GB.

We commend the consultation sentence "The discount was introduced to provide a level playing field for small 132kV connected generators in Scotland while industry developed enduring arrangements.." It is important to note that the small generator discount is an *estimate* of the impact of the differential treatment of these generators, and does not address the underlying distortion itself, namely the application of transmission or distribution charging to otherwise electrically similar generation.

We welcome efforts to address distortions created by the current disparity between transmission and distribution system charging methodologies, and note that this is explicitly within scope of Ofgem's *Electricity Network Access Project* (the follow-up to 2018's work on Access & Forward-looking Charges), in which we look forward to participating.

We welcome the extension of the small generator discount while relevant reforms are underway, however we caution that Ofgem should reserve it's position on the future of the discount.

We welcome the *Proposed Change* (changing the expiry to 2021) because it is appropriate to maintain the current approach to the discount until related charging reform work is completed; not just the TCR but also the Electricity Network Access Project. While this latter project seeks to remove undue charging distortions however, including those between transmission and distribution connected generation (as noted in the TCR minded-to-decision clause 6.7), we do not think it is appropriate to pre-judge the outcome of this work; we are concerned that the TCR minded-to-decision, ahead of responses to this consultation, asserts that you (6.6) “will consider the appropriateness of the continuation of this discount in light of potential changes to embedded benefits” and that you (6.33) “intend to set the Small Generator Discount Value to zero once our reforms are implemented” - does this mean you will not consider the distortion across transmission and distribution charging which the Access Project acknowledges? If the underlying distortion is not appropriately addressed in this timeframe (by 2021) then some form of discount may still be needed to mitigate the distortion. The future of the discount should be determined by the outcomes of the TCR and Access Project together (and any related charging reforms), and we believe it would be more appropriate for Ofgem to reserve its position on the future of the small generator discount until these reforms are complete.

We look forward to the next steps in this reform process.

Yours sincerely,



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