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Ofgem  
South Colonnade  
Canary Wharf  
London

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Dear Andy

**Small Generator Discount: Statutory Consultation to modify Standard Licence Condition C13**

We welcome the opportunity to respond to Ofgem's 'Statutory Consultation on our proposal to modify Standard Licence Condition (SLC) C13 (Adjustment to use of system charges (small generators)) of the electricity transmission licence'. Our networks business SP Energy Networks is also responding from its perspective as a transmission licensee.

We support the proposal to modify SLC C13 by amending the expiry date of this condition from 31 March 2019 to 31 March 2021. The small generator discount plays an important role to address one of the market distortions created by the boundary difference between 132kV connections in Scotland and England & Wales.

As a minimum, we agree that the current Small Generator Discount arrangement should remain in place while the Targeted Charging Review (TCR) is in process. This may mean a requirement for a further extension and we would therefore encourage Ofgem to refrain from making a firm decision about the longevity of the discount until parallel work arising from the TCR Significant Code Review and additional ongoing regulatory reform has concluded. Indeed, Ofgem should not rule out the possibility at this stage that the Small Generator Discount, or a similar mechanism, may still be required on an enduring basis after March 2021.

We welcome Ofgem's recognition of the importance of this discount and the need for it to continue.

Yours sincerely



**Richard Sweet**  
Head of Regulatory Policy