

Andrew Burgess
Ofgem
South Colonnade
Canary Wharf
London

04 January 2019

Dear Andrew

Small Generator Discount: Statutory Consultation on Modification of Standard Licence Condition C13

Scottish Renewables is the voice of Scotland's renewable energy industry, working to grow the sector and sustain its position at the forefront of the global clean energy transition. We represent around 260 organisations across the full range of renewable energy technologies in Scotland and around the world, ranging from energy suppliers, operators and manufacturers to small developers, installers and community groups, as well as companies throughout the supply chain.

Fair and cost-reflective use of the electricity networks is fundamental to enabling our industry to deliver; to help meet both the UK and Scottish Government's objectives around clean growth and to meet our legally binding climate obligations.

As you are keenly aware, there are several market distortions which exist through the GB electricity network – with several 'sticking plasters' applied to create a more level playing field for connecting customers.

The small generator discount has been an important part of addressing, in part, the artificially differential treatment of 132kV connections in Scotland compared to England and Wales.

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

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We are however concerned that implied within this extension is the expectation that the discount will cease to exist after 31 March 2021.

We would strongly encourage Ofgem to refrain from making a firm decision about the longevity of the discount until the conclusion of parallel work on forward-looking charges, noting the Electricity Networks Access Project and the decision on a Significant Code Review announced on 18th December. This work, as identified in the Electricity Network Access and Forward-Looking Charging Review¹ identifies a scope including any distortion arising from transmission versus distribution charging, so it is right for Ofgem to reserve its position on the Small Generator Discount until this work is undertaken. Unless this SCR entirely addresses the fundamental market distortion between these 132kV connected users, then some form of adjustment mechanism to appropriately level the playing field will likely still be required going forward.

We would be happy to engage with you further on this matter if this would be useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Hannah Smith', written in a cursive style.

Hannah Smith
Senior Policy Manager

¹ <https://www.ofgem.gov.uk/publications-and-updates/electricity-network-access-and-forward-looking-charging-review-significant-code-review-launch-and-wider-decision>