

Energy UK response to Ofgem's Access SCR Winter 2019 working paper

24th January 2020

About Energy UK

Energy UK is the trade association for the energy industry with over 100 members spanning every aspect of the energy sector – from established FTSE 100 companies right through to new, growing suppliers and generators, which now make up over half of our membership.

We represent the diverse nature of the UK's energy industry with our members delivering almost all (90%) of both the UK's power generation and energy supply for over 27 million UK homes as well as businesses.

The energy industry invests over £13.1bn annually, delivers around £85.6bn in economic activity through its supply chain and interaction with other sectors, and supports over 764,000 jobs in every corner of the country.

Response

Energy UK welcomes the opportunity to respond to Ofgem's Winter 2019 working paper.

Energy UK believes Ofgem are investigating areas which demand further investigation. When investigating options for focused reforms of transmission network charges, in particular the option to move the reference node, this should be done in parallel with work streams which are looking at moving the Transmission Generation Residual (TGR) to zero. This will help to minimise uncertainty and instability in the charging regime.

By now, Ofgem should have finished (or be close to finishing) an internal lessons learned exercise on the Targeted Charging Review (TCR). Energy UK would be interested to know what the findings were and what differences to expect through the Access SCR process.

Ofgem should undertake suitably robust analysis and modelling for the SCR proposals, when they come. This includes well-evidenced sensitivity analysis. The response of renewable generators connected in different parts of the network and across GB should be part of the modelling and analysis considerations from the start of the process this time around. This also includes important feedback loops where gas or carbon prices change, or taxpayer funded incentives are cut for example. Energy UK encourages Ofgem to spell out what will be included in their analysis and modelling as early as possible.

Should you have any questions regarding our response, please do not hesitate to get in touch.

Joe Underwood

Policy Manager
Energy UK
26 Finsbury Square
London EC2A 1DS

Tel: +44 20 7747 2942

joseph.underwood@energy-uk.org.uk

www.energy-uk.org.uk