

Email to:
Harriet Harmon, Head of Electricity Transmission Charging Policy
tnuosreform@ofgem.gov.uk

08 June 2022

Dear Harriet,

TNUoS – a Task Forces update

Scottish Renewables is the voice of Scotland's renewable energy industry. The sectors we represent deliver investment, jobs, social benefits and reduce the carbon emissions which cause climate change. Our 300 members work across all renewable energy technologies, in Scotland, the UK, Europe and around the world. In representing them, we aim to lead and inform the debate on how the growth of renewable energy can help sustainably heat and power Scotland's homes and businesses.

Scottish Renewables welcomes the opportunity to provide our view on the proposals outlined in the TNUoS Task Force update. TNUoS charges are a significant barrier to the successful deployment of renewables in Scotland due to their high level compared to the rest of the UK and their unpredictability. This in turn means that TNUoS charges are a significant barrier to the achievement of net-zero targets, and we welcome the creation of the TNUoS Task Force to address this problem. However, the scope of the Task Force is too narrow and excludes a number of important areas.

This letter includes feedback on the terms of references, membership, chair, and secretariat of the Task Force.

1. Task Force Terms of Reference

We note that the current proposal is to complete this work within a timeline of 5-7 years, without considering net-zero in this review. We believe that this timeline is unacceptable and ignores the challenge we have ahead - changes that deliver net-zero at the lowest cost for consumers need to be developed now. The UK and Scottish Governments have ambitious renewable targets by 2030, which include 50GW of offshore wind in the UK and 8-12GW of onshore wind in Scotland. However, the current market distortions caused by TNUoS are already affecting investor confidence, particularly in Scotland, making the task of meeting these targets very difficult.

We are disappointed to see that the longer-term question of how TNUoS functions in a less centralised, more flexible energy system to support the UK's net-zero commitments will be looked at in a separate programme of work. We are aware that BEIS has committed to developing a Review of the Electricity Markets Arrangements (REMA) and this may be the reason why Ofgem is delaying this work. However, the interactions of TNUoS with wider market reform will take a long time, which is not aligned with the needs of the industry to deliver the ambitious government targets by 2030.

The industry is also concerned that if this is not addressed now, uncertainty will have an impact on CfDs prices, adding extra costs to consumers' bills at a time when bills are already high. Delivering more renewable electricity at the lowest cost for the consumer should be a priority.

It is unfortunate that BEIS' expected Strategy and Policy Statement (SPS) has been delayed by several months. If the SPS had progressed before the Task Force, Ofgem could have prioritised net-zero in this work.

Finally, we support the decision to allow CMP315/375 proposals to continue throughout the open governance process, separate from the Task Force.

2. Membership of the Task Force

We propose that the membership of the task force include a space for Trade Associations (TAs). TAs can effectively represent the industry and are unlikely to be driven by specific generators or suppliers' agendas.

We note that there are only 4 spaces for generators, while there are 5 seats for demand customers (3 suppliers, 1 non-domestic energy users, and 1 consumer representative), we believe that more seats must be made available for generators given that they are the most likely to be impacted by the outcomes of the Task Force.

It's very important that renewable generators are well represented in this group. The transmission network was originally built for conventional generators, but now renewable generators must take the lead in amending TNUoS charging to reflect the move from centralised power stations to more widely distributed generation. The views of independent renewable generators are often not well represented in these types of grid panels and we would like to see that this group is well represented in the Task Force.

We also note that part of the Task Force scope includes the work that was originally included in the NAFLC SCR (item 6 regarding TNUoS charges to be paid by distributed generators). Therefore, it would be important that a member with knowledge of distribution connected generation is included in the Task Force.

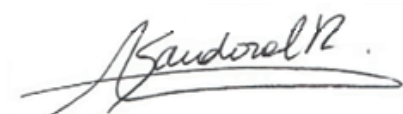
Finally, we believe that membership must have a fair representation from different locations. TNUoS negatively impacts generators in Scotland, so this group should have a fair representation within the Task Force membership.

3. Task Force Chair and Secretariat

We support the appointment of NGENSO as the Task Force secretariat. However, we do not support the appointment of NGENSO as the Task Force chair for two reasons. Firstly, NGENSO is in a position of conflict of interest through its SO price control. Secondly, they are in the process of becoming the Future System Operator (FSO). We believe that imposing this chairing function will add unwelcome strain on NGENSO resources. We propose that the Task Force should be chaired by an impartial expert on behalf of BEIS.

Scottish Renewables would be keen to engage further with this agenda and would be happy to discuss this letter in more detail.

Yours sincerely,



Angeles Sandoval
Policy Manager | Grid & Systems
Scottish Renewables