

10.30-11.15

Network charging changes – what's coming and what's the impact

Distribution charges are being flattened, Triad may not be around forever, and Ofgem is mulling a whole new network charging regime. This session discusses known and unknown knowns and how businesses can best prepare for change.



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Georgina Penfold director, ICON

The immediate 'known knowns' from end user perspective



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Steve Edwards, Liberty House Group

A view from a of large power consumer



Liberty House operates globally, reshoring metals processing using renewable energy

- We manufacture commodity products using energy intensive processes
- We are exposed to competition in cost of energy from Continental Europe and the Rest of the World
- Our sites have actively pursued Triad charge avoidance as part of a strategic focus on marginal cost

Our strategy:

..we can reverse the trend that currently sees 80% of the 21m tonnes of steel Britain consumes each year coming from abroad. Here is how we plan to do this:

1. Winback steel by attacking the growing mountain of exported scrap.
2. Invest in green energy, not green taxes.
3. Invest in British engineering, rebuilding downstream industries.
4. Recharge the steel sector, industrial strategy and the economy.

GREENSTEEL

A brighter future for the steel industry

Liberty House Group is on a path to transform steel related manufacturing into a global technology and product leader through its GREENSTEEL strategy.



Is TCR aligned with other Government policy?

Difficult to see how changes can be moderated

Policy and Markets are changing

- BEIS support for EIU companies' energy costs:
 - Overt support for UK heavy industry
 - Tacit recognition of competitive imbalance vs Continental Europe and RoW
- Increasing volatility in Triad timing means avoidance becoming less effective
- Rising pressure to increase load flexibility
 - Wholesale volatility driven by renewables penetration
 - Balancing Market and SNAP changes
- Q1 Consultation on Industrial Heat Recovery will result in encouragement of heat-to-power

Liberty House UK Sites vs TCR

- Gross/Net charging
 - Lochaber smelter constantly consumes 80MW
 - 84% of power is provided by on-site hydro, 52MW import capacity underpins disaster recovery
 - Nevertheless active Triad program
- Capacity charging
 - Rotherham Arc furnaces operate a highly intensive process ideally suited to peak avoidance
 - Triad avoidance critical to site viability
 - 200MW import capacity relates to mothballed production at 1.2mT/yr; current production 0.3mT/yr
 - Stocksbridge (8-14MW) and Engineering Group sites (0.5-2MW) process Steel and Aluminium
 - Less flexible processes so less Triad avoidance (but all sites do respond)
 - High levels of residual heat so significant opportunity for baseload through heat-to-power

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Franck Latémolière, Reckon LLP

A perspective on the problems Ofgem finds itself trying to fix, and where we might end up





