



Association of Directors of  
Environment, Economy, Planning & Transport

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Frances Warburton  
Partner  
Ofgem  
9 Millbank  
London SWP 3GE

Dear Ms Warburton

**Response from the Association of Directors of Environment, Economy, Planning and Transport**

Thank you for this opportunity to respond to Ofgem's minded to decision and draft Impact Assessment of the industry's proposals to change electricity transmission charging arrangements for embedded generators.

The Association of Directors of Environment, Economy, Planning and Transport (ADEPT) represents Place Directors from county, unitary and metropolitan local authorities. ADEPT is a membership based, voluntary organisation with 65 local authority and 15 LEP members across England, plus 8 corporate partners from the private sector. ADEPT members manage some of the most pressing issues facing the UK today.

ADEPT members have been at the forefront of driving improvement in waste management over the past decade. This improvement has contributed to the achievement of government targets on higher recycling and diverted waste away from landfill by delivering waste infrastructure projects aimed specifically at recovering energy.

Local Authorities have effectively bankrolled energy recovery projects by letting longer term contracts for the management of waste which have released much needed private sector investment to build waste treatment infrastructure.

ADEPT is concerned that Ofgem's proposal to change electricity transmission charging arrangements for embedded generators will have an unintended and very substantial impact on local authority energy recovery projects. The proposal means that substantial financial income will be lost to many waste infrastructure projects including energy recovery and anaerobic digestion facilities.

Whilst each of these facilities and projects is unique and therefore it is difficult to calculate the exact impact, it is estimated that the revenue lost will total many tens of millions of pounds every year.

Whilst each contract between a local authority and its private sector partner is different it is expected that some of this impact will ultimately be borne by those authorities. After several years of austerity measures, local government budgets are already stretched and this has had a disproportionate impact on place based services given the priority for authorities of protecting vulnerable people. The additional and un-forecast loss of income (and subsequent increase in payment) will be an unwelcome and unaffordable financial burden which could perversely fall on many high performing authorities that have worked hard to divert waste away from landfill in line with Government policy.

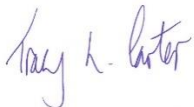
The private sector has invested heavily in waste infrastructure using business cases that were supported by a number of income streams. The loss of a substantial income stream will undermine the viability of current waste infrastructure projects and dampen any appetite in future investment in much needed waste infrastructure.

ADEPT is concerned that Ofgem has not properly taken the substantial financial impact on local authorities and waste management companies and the consequential impact on the ability of the UK to meet future waste management challenges into account.

ADEPT strongly recommends that Ofgem should undertake detailed analysis of the wider implications of its proposals such as those on local authorities and the waste management industry and seek ways to negate or mitigate these.

We would welcome the opportunity to discuss these issues further with you and look forward to your response.

Yours sincerely

A handwritten signature in purple ink that reads "Tracy L. Carter".

Tracy L Carter  
Chairman of Waste Group  
ADEPT – the Association of Directors of Environment, Economy, Planning & Transport

Associate Director, Waste and Environment  
Wiltshire Council