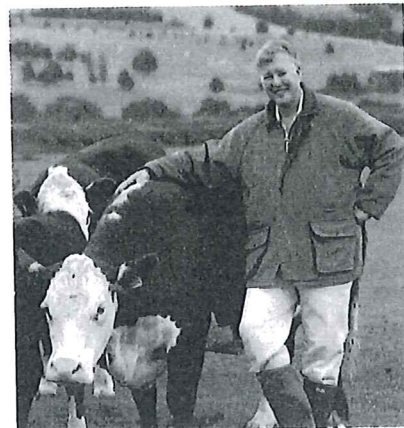


BILL WIGGIN MP
NORTH HEREFORDSHIRE



HOUSE OF COMMONS
LONDON SW1A 0AA



Ms Angela Price
Ledbury Town Council
Town Council Offices
Ledbury
Herefordshire
HR8 1DH

24 March 2021

Ref: BW123349/EL

Dear Ms Price

Following the representations I made on your behalf, I have received the enclosed letter from Lord Callanan, Minister for Climate Change and Corporate Responsibility, regarding the Local Electricity Bill.

I hope you find the Minister's response helpful.

Please do not hesitate to write to me again if you have any more questions, or if I can be of any further assistance.

Yours sincerely

Bill Wiggin MP

2435



**Department for
Business, Energy
& Industrial Strategy**

Lord Callanan
Minister for Climate Change and
Corporate Responsibility

**Department for Business, Energy
& Industrial Strategy**
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Our ref: MCSL2021/07832
Your ref: BW123349/EL

22 March 2021

Dear Bill,

Thank you for your email dated 9 March to the Rt Hon Kwasi Kwarteng MP, enclosing correspondence from Ms Angela Price, Town Clerk for Ledbury Town Council, regarding the Local Electricity Bill. I am responding as this matter falls within my Ministerial portfolio

The Government wants to see more local energy schemes as part of delivering a net zero energy system. This aim is encouraged through the work of BEIS's Local Energy Programme which helps to build capacity and capability in local and community energy projects.

The Local Electricity Bill is a Private Members Bill sponsored by Peter Aldous MP, which is due for a second reading this month. The Government has some reservations about the proposed Bill, as it appears to have the effect that generators who want to supply local communities would be carved out of the current supplier licensing regime and be exempt from contributing to network costs.

Network charges are levied on all users of the network and send signals which reflect the costs users impose on the network. A range of signals exist today to encourage generators to locate close to sources of demand. Placing a source of generation close to areas of high demand will mean that the generator gets paid credits for helping to avoid further investment in the high voltage transmission network.

Ofgem, are currently working to reform these signals through improvements to network charges, and are also working to develop local markets for flexibility, that will allow local solutions to be implemented. Artificially reducing network costs for local electricity suppliers, as seems to be the implication of the Bill, is likely to be distortive. It would mean higher costs falling on other consumers, which would only increase as more exempted local suppliers come on stream.

2436

Thank you again for writing. I hope that Ledbury Town Council find this information useful, and are able to view the second reading of the bill when these matters will be debated.

A handwritten signature in black ink, appearing to read 'Martin Callanan', with a long horizontal flourish extending to the right.

Lord Callanan

