

Our Ref
Your Ref

Alex Thomason
National Grid Transco plc
National Grid Transco House
Warwick Technology Park
Gallows Hill
Warwick, CV34 6DA



Date 10 October 2003

Dear Alex,

CCM-M-07 – Change to Connection Boundary and associated removal of Land Charges and Type B Termination Charges and Change to Calculation of Site Specific Maintenance Charges

EDF Energy welcomes the opportunity to comment on National Grid's proposal CCM-M-07 to change the connection boundary including the associated removal of land charges and Type B termination charges and change to calculation of site specific maintenance charges.

We have provided a summary of our views below followed by detailed comments.

Summary

- ***EDF Energy supports the "PLUGS" proposals for shallow connection charging on the transmission system.***
- ***We believe the "PLUGS" proposal provides simpler more transparent arrangements for connection charging.***
- ***We believe that shallow connection charging is a particular issue for BETTA and consideration should be given to the impact on the whole GB system.***
- ***We support a combination of connection and use of system charges that fairly allocate the costs of connection and reinforcement to users in different locations.***

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Detailed Comments

EDF Energy supports the “PLUGS” proposals for shallow connection charging, as we believe that it provides simpler more transparent arrangements for connection charging. However we are concerned that under a shallow connection charging regime, the costs of new connections and network reinforcement could be borne by existing Users who may have already paid a significant contribution towards the costs of their own connections. The creation of such risks on existing Users raises concerns that such a move would not promote competition in generation.

EDF Energy believes that it is appropriate to provide a level of locational signals to users rather than recover the costs, of connections and reinforcement, from all users. We feel that such a fundamental change in connection charges should be combined with changes to the Use of System charging methodology, that should ensure the allocation of costs reflects the requirements placed on the transmission system at different locations. We believe that this approach is appropriate for transmission networks but that it may not be appropriate for distribution networks due to the greater number and mix of customers.

It is very probable that BETTA will be based on the England and Wales charging framework and any changes that are made to the charging framework for England and Wales will form the basis of a future GB charging framework. EDF Energy believes that shallow connection charging is a particular issue for BETTA due to the need for significant reinforcement of the Scottish transmission system to facilitate the development of renewables. Under this proposed regime the costs of any such reinforcement would be spread across the whole of GB, this would have an impact on England and Wales participants and particularly those situated in Southern England who will derive no direct benefit. We are concerned that this shallow connection charging change can not be easily undone and therefore it should only be made if it is an appropriate long term charging solution not only for England and Wales but also for Great Britain. We would prefer to see some consideration of the GB impacts of this proposal before any change is implemented.

We support the proposed modification to Land Charges which we believe would remove an inconsistency between pre-vesting and post vesting Land Charges by moving post-vesting assets into infrastructure.

We support the proposed modification to Site Specific Maintenance Charges which we believe should make National Grid's charges more transparent.

We hope that you will find the above comments useful. If you have any queries regarding the issues raised in this letter, please do not hesitate to contact me.

Yours sincerely,

Rupert Judson
Transmission Infrastructure
& Development Manager