

Stuart Cook
Senior Partner, Smarter Grids & Governance
Ofgem
9 Millbank
London

SW1 3GE

Patrick Hynes
Electricity Charging and Access
Development Manager

patrick.hynes@uk.ngrid.com
Direct tel +44 (0)1926 656319

www.nationalgrid.com

6 September 2010
Our Reference GB ECM-26

Dear Stuart,

Conclusions report for GB ECM-26 – Review of Interconnector Charging Arrangements

Please find attached the conclusions report for the Use of System Charging Methodology modification proposal GB ECM-26 concerning changes to the applicability of the use of system charges to Interconnectors.

In accordance with Standard Licence Condition (SLC) C5 of the Transmission Licence, the report sets out:

- (a) the terms originally proposed for the modification;
- (b) the representations made by Users;
- (c) any changes made to the terms of the modification intended as a result of such representations;
- (d) how the intended modification better achieves the relevant objectives; and
- (e) a timetable for implementation of the modification.

National Grid will modify the Use of System Charging Methodology after a period of 28 days (5th October 2010) unless the Authority directs that the modification should not be made; or, the Authority notifies National Grid that it intends to undertake an impact assessment, in which case implementation will be three months after that notification unless the Authority directs that the modification should not be made.

The majority of consultation responses supported the proposed change on the basis that it was necessary for compliance with EU Regulations. Some respondents expressed concern that this proposal did not sit comfortably within the wider GB framework nor the fundamental principles of charging (locational and revenue splits) and thus potentially frustrated competition. This proposal reflects the need to align GB charging arrangements with EU regulations in a timely manner, and we envisage that the wider concerns highlighted can be considered as part of the Charging and Connections review.

We will be publishing the conclusions report to all concerned parties in parallel to this letter and will be posting this report on the National Grid charging website. If you have any queries please do not hesitate to contact me.

Yours sincerely,

Patrick Hynes
Electricity Charging and Access Development Manager

cc Min Zhu, Anthony Mungall