



Tom Ireland
Electricity Charging & Access Development
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA

19th January 2007

Dear Tom,

Consultation: GB ECM 07 “Adjustment of seven year statement transmission entry capacity data for calculating 2007-08 TNUoS tariffs”

EDF Energy is pleased to have the opportunity to comment on the consultation on TNUoS charges for 2007/08.

In response to this consultation, EDF Energy proposes that:

- NGET revert to the previous indicative generation zones (as outlined in Condition 5 at the time of the zoning consultation);
- and
- exclude the 3 generation projects that will not connect in 2007/08 from the transport and tariff model.

The company’s reasoning for this:

Publication of 2007/08 draft tariffs on the 22nd December 2006 with new generation zones.

EDF Energy has previously agreed with National grid that TNUoS charges should be “predictable and stable” and was pleased that National Grid endeavoured to provide data and information on tariffs through charging Condition 5. However this good work was undone by changing the generation zones in the draft tariffs published on the 22nd December, which differed from those outlined at the time of the zoning consultation in NGET’s Condition 5 paper.

Concurrently to Condition 5, NGET issued a zoning consultation to which, at the Transmission Charging Methodology Forum (TCMF) it stated, for setting zones for the price control, it would use:

- only SYS data for the forthcoming year;
- whilst attempting to minimise the change between the zones for 2006/07 to those for 2007/08.

NGET provided indicative zones through the Condition 5 paper, which used almost identical SYS generation data to what it subsequently used to create the draft tariffs of the 22nd December 2006. (The data used for both exercises had the 3 generation projects connecting in 2007/08 that NGET now wishes to omit from the DCLF model).

The following excerpts are from the Condition 5 report:

Page 15:

4.1.4 Forecast Locational Tariffs:

2007/8 is the first year of a new price control period and as a result, it will be necessary to review the existing generation zones in accordance with the TNUoS charging methodology.

The illustrative 2007/8 generation zones have been drawn up to reflect the 2006/7 generation zones where possible however, as a result of the forecast changes to the demand and generation backgrounds in 2007/8, it is anticipated that some changes to the 2006/7 generation zones will be required.

And on page 32:

5.2 Zoning Issues

The generation zones used in the baseline tariff analysis were based entirely on data from the 2007/8 DCLF Transport Model and determined with the aim of reflecting the existing generation charging zones as far as possible for ease of comparison of future locational tariffs with existing locational tariffs.

It was therefore a major surprise that NGET issued a different set of 21 generation zones in the draft tariffs of the 22nd December 2006 to that previously published in the Condition 5 paper.

The key change between the Condition 5 [App.2] report and the draft tariffs [App.1] is the introduction of a new zone 18, Pembroke. This necessitated the deletion of zone 18 in the Condition 5 report, which was Oxon & South Coast. The two generation nodes in that zone, Didcot and Bolney respectively join the South Wales and Wessex zones creating two larger zones, 19 and 20.

This consultation aims to reinstate the Oxon & South Coast zone, such that the zones [App.3] are almost identical to the 2006/07 zones with an additional zone for Pembroke.

A further node Walpole, which in the Condition 5 report was in the same zone as Pembroke, is shifted into zone 14. Walpole is a marginal node that fulfils the criteria for both zone 14 and 15: NGET's interpretation in the zoning consultation of "minimum change on 2006/07 zones" has meant that it is in zone 14 rather than 15. EDF Energy disagrees with this interpretation and believes NGET should not have set zone 18 as Pembroke, but should have used the generation zones identified in the Condition 5 report.

In issuing this urgent consultation, NGET aims to disregard the generation data of Pembroke in the charges, but states that it wishes to create a new zone for that node. This directly contradicts the results of the zoning consultation.

It is therefore the company's view that the draft tariffs issued on the 22nd of December 2006 are not consistent with NGET's Condition 5, nor do they match the views expressed by Users responding to the zoning consultation.

Adjustment of 2007/08 draft tariffs excluding 3 generation projects from SYS data.

NGET wishes to exclude the nodal generation data of 3 projects that were set to connect in 2007/08. This is an entirely sensible approach to which EDF Energy would agree, bar NGET's aforementioned error in setting zones for the draft tariffs of the 22nd December 2006.

EDF Energy considers that in issuing this consultation, NGET is proving that it has incorrectly established generation zones for the draft tariffs published on the 22nd December 2006, where it has disregarded its own findings of the zoning consultation.

The company would wish that NGET revert to the generation zones of the Condition 5 report, exclude the 3 generation projects and issue a new set of draft tariffs for 2007/08.

EDF Energy hopes that you will find these comments helpful.

If you have any queries please do not hesitate to contact me.

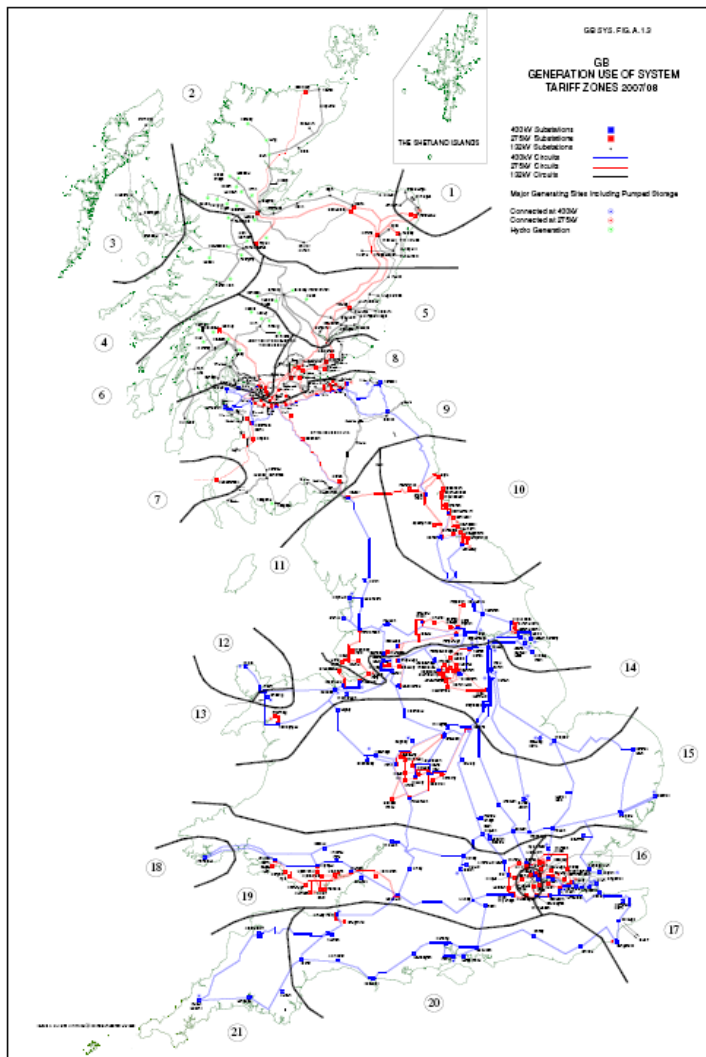
Yours sincerely,

David Scott
Analyst, Energy Regulation

Appendices: TNUoS Zone maps

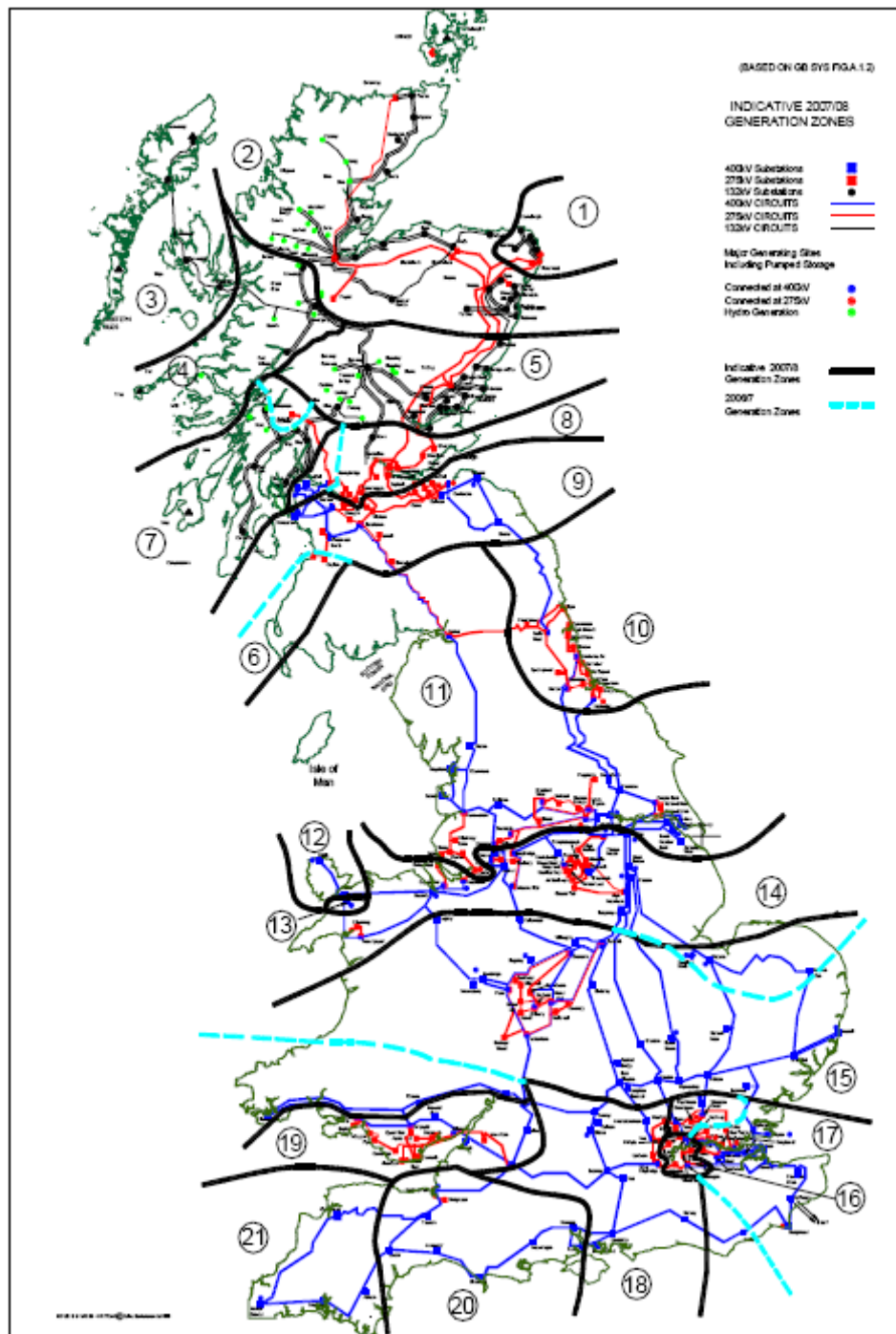
App 1. Generation TNUoS zones published 22nd December 2006 (Draft Tariffs)

Note: Zone created for Pembroke; Oxon & South Coast zone deleted and merged with South Wales and Wessex.



App 2. Condition 5 TNUoS Generation zones [Published Sept 2006]

Note: Walpole and Pembroke in Zone 15.



App 3. Generation TNUoS zones a per consultation

Note: Zone for Pembroke remains; Walpole remains in zone 14.

