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Jan Gascoigne
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Dear Jan

The Exit Capacity Release Methodology Release Statement

Thank you for providing Scottish and Southern Energy plc (SSE) with the opportunity to provide comments on the Exit Capacity release (ExCR) Methodology Statement.

- The Methodology Statement contains the requirement for users to commit to four years of NTS Exit Capacity charges when applying for an increase in capacity rights. This is inconsistent with the one year ARCA commitments required in the cases of both Langage and Marchwood. SSE believes that regulatory consistency should be applied with a shorter commitment period required in the ExCR.
- The minimum 14 month commitment to surrender capacity rights is beyond the period of the fixed costs such as TNUoS and rates that a direct connect power station could avoid by closing down. The exit capacity commitment should be aligned with other fixed cost charges incurred by generators. This ultimately becomes an additional cost for power stations that may lead to an increase in electricity prices.
- If the methodology is approved, then SSE would support option 2 for providing a commitment. Making a commitment based on price at the time of application removes cost uncertainty and helps ensure a regime that is likely to attract investment. A regime where a prevailing unknown price is to be paid, leads to uncertainty and is likely to be a barrier to new entry.

If you would like to discuss any of the above points please do not hesitate to contact me.

Yours sincerely

Jeff Chandler
Energy Strategy
Scottish & Southern Energy