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**Further Consultation Document GB ECM-08 Modification proposal for the Transmission Network Use of System Charging Methodology to introduce charging arrangements associated with Offshore Transmission Networks**

Dear Thomas

Thank you for the opportunity to comment on the further consultation on the Modification proposal for the Transmission Network Use of System Charging Methodology to introduce charging arrangements associated with Offshore Transmission Networks (GB ECM-08). This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply and Trading GmbH and RWE Innogy.

We support implementation of charging arrangements that reflect appropriately the costs incurred in connecting generation and demand. We support an approach based on asset specific charging in combination with the ICRP approach, with costs reflected as fully as possible. This is consistent with our position on the derivation of local onshore charges for design variation connections previously consulted on in GB ECM-09 and GB ECM-11.

We believe that local charges should apply to assets that are distinct from both connection works and "wider" system infrastructure. This should facilitate cost reflective charging for local infrastructure, allow appropriate locational signals for design variation connections and is consistent with the development of offshore transmission networks.

With regard to the proposals under GB ECM-08 we have the following comments:

- We support the use of specific security factors calculated for each offshore connection. However we would also support a similar approach for onshore connections to ensure consistency of treatment and avoid any discrimination issues. We believe that this approach is facilitated by an unambiguous definition of local assets and "wider" transmission infrastructure;

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- We note that the introduction of substation tariffs represents a change from the December 2007 proposals. We believe that the implications of this for the development of offshore transmission networks should be considered in greater detail. In particular we are concerned that the proposed change in the treatment of offshore substations could stifle innovation in the development of offshore transmission networks by removing the concept of share-ability. However, we recognise that the offshore proposals should be consistent with the GB ECM-11 proposals which include a substation local tariff and that offshore arrangements should not differ from those onshore without good reason;
- We are concerned that the current definition of a local connection to the main interconnected transmission system (MITS) may mean that in addition to design variation connections certain local connections will include “wider” transmission infrastructure. We believe that further work is required to clarify the implications of such a definition both offshore and onshore (under GB ECM-11), particular in relation to locational signals and incentives to connect to the transmission system economically and efficiently;
- We recognise the need for a separate charge for embedded transmission in relation to the pass through of charges levied by Distribution Network Owners (DNOs). We are unclear as to the rationale for the GBSO to be party to these charges and to the extent that they represent costs caused by exports arising from the connection of the offshore transmission system connected to the DNO network we believe the charges should be levied through the relevant offshore TO once appointed. This ensures consistency of treatment for network charges through network owners rather than through the system operator;
- We believe that the creation of a new type of use of system charge is an appropriate means for recovering the DNO charges arising from the connection of embedded transmission to the DNO network;
- We would support a review the charging arrangements for embedded transmission in relation to embedded benefits.

If you wish to discuss any aspect of our response, please do not hesitate to contact me.

Yours sincerely

By email

Bill Reed,  
Market Development Manager