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Dear Tom,

GB ECM 007 - Adjustment of Seven Year Statement TEC date

International Power (IPR) is responding to your GB ECM 007 Consultation on behalf of First Hydro Company, Saltend Cogeneration Company Ltd, Rugeley Power Ltd, Deeside Power Development Company Ltd and Indian Queens Power Ltd.

This proposal effectively moves the freeze date for the 'Locational data set' used to create TNUoS tariffs from 31st October to 23rd December.

Over the last few years generation and demand tariffs have been subject to a significant level of volatility with significant changes to tariffs occurring after the December forecast for a variety of reasons. The condition 5 statements issued by NG were designed to provide a better view of the possible level of TNUoS tariff in subsequent years. These take account of the generation and demand background in subsequent years. In general we believe that charges should consistently be based such that the December charging forecast uses the same data set as is used for the final charges.

At the time the freeze date of October SYS update was agreed by Ofgem it was recognized that there may be changes that take place after this date, but a pragmatic solution for the freeze date was needed to allow a forecast to be provided ahead of the charging years.

However we understand that at this freeze date, NG fully expected the three identified power stations to delay their TEC, but as they had not formally signed their respective agreements, this could not be taken account of in the tariff calculation. Given these particular set of circumstances we accept that these three power stations should not be included in the tariff calculation for 2007/8. We recognize that if this is not approved then the methodology will be significantly non-cost-reflective, and a number of sites will be commercially impacted.

In summary, International Power supports this modification for the 07/08 charging year, but for subsequent years would prefer to see the end October date remain as the primary data source

We trust that these comments are helpful

Yours sincerely

Simon Lord

Transmission Services Manager.