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Tom Ireland
Electricity Charging and Access Development
National Grid Electricity Transmission Ltd
National Grid House
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30th November 2007

Dear Tom,

GB ECM 09 Charging Arrangements Associated with SQSS Design Variations Based on Customer Requests

InterGen welcomes this opportunity to respond to *GB ECM 09 Charging Arrangements Associated with SQSS Design Variations Based on Customer Requests*

We are in favour of the principle of discounts for Design Variations because it encourages more efficient use and development of transmission infrastructure and it may help the current GB Queue projects to connect earlier by freeing up investment resources.

Given that the cost of sub-stations is included in the residual element of the charge and does not include any locational or project related signals we recognise that any distorting effect on power station locations of a full discount is likely to be maximised. However, as the potential efficiencies are significant might it be possible to find a way to share the benefit; partly reflecting it at the User requesting the reduction in assets and partly socialised? This might require some arbitrary sharing but it should provide a signal to developers to reduce sub-station assets where they can but without allowing developers to take advantage of distortions to the locational signal.

With regard to Single Circuit Discounts and Partial Circuit Redundancy Discounts we support the principle of a locational signal and therefore believe that either project specific or generic discounts are an improvement on the existing methodology. We believe that project specific discounts give full value to the User that avoids infrastructure. This encourages the best economic usage and investment in transmission assets.

We accept that specific discounts would not be as transparent as generic calculations. Transparency is a valuable outcome of any charging process. A generic discount would make it easier for discount information to be available earlier. However, we wonder if a way could be found where Users could apply to find out the potential project specific discount in advance of the full connection offer and acceptance process and thus make an informed decision.

We believe that the case for discounts to interfere with locational signals may have been over stated. Whilst a discount, considered in isolation, would have an impact on the location of a project and this impact may be perverse, we believe other factors reduce the overall locational impact. The locational signal with regard to transmission charging zones is currently robust. In practical terms any distorting effect on the location signal is unlikely to overcome the overall effect of that signal. Within zones factors such as planning permission, S36 consents and other permits and the availability of suitable sites are stronger factors.

We believe that GB ECM 09 should be considered, as far as possible, in tandem with CAP 148 on Design Variation Non-Firm Connections as a great deal of the practical utility of CAP 148 comes from the changes in charging methodology that support it.

Yours sincerely,

Dan Sutton
Regulatory Analyst, InterGen

