

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

27 March 2008

Dear Tom,

British Energy response to the pre-consultation document for 'Charging arrangements for generator local assets' (GB-ECM 11)

The British Energy group of companies welcomes the opportunity to respond to the above pre-consultation.

Key points:

- **British Energy believes that stability and transparency of the charging methodologies is an overriding importance in considering charging modifications**
- **Without having a full appreciation and understanding of the detail of all three options on a GB wide basis it is difficult for BE to support any of the proposals put forward. However, we acknowledge the need to consider possible future changes in respect of a review of transmission access**
- **From the information available option 2 'specific treatment of distance to zonal hub' could minimise concerns over the precise definition of local assets**
- **Similarly, British Energy believes that a substation asset charge may form an appropriate part of local asset charging.**


British Energy believe that transparent charging arrangements enable industry to better understand their current and future costs and as a result contribute towards facilitating competition. In considering the points put forward by National Grid we have sought to understand how these changes might impact this principle.

We agree with National Grid that it is difficult to apply a consistent definition under option 3 'deepening the Use of System/connection asset boundary' and agree that generators could be exposed to transmission owner investment decisions. For these reasons we do not support option 3. Option 1 'specific treatment of generator assets' brings with it a difficult and potentially imprecise definition of "local" assets and we agree with National Grid that this could be particularly problematic for connections serving both demand and generation. Application could therefore become arbitrary and we do not support this option.

British Energy finds option 2 'specific treatment to zonal hub' introduces additional complexity and could result in a less transparent methodology however we would support further development of this option providing we could be confident that it can be sufficiently understood by industry to enable investment decisions. Finally we note that a methodology for a substation element in local charging could be an appropriate part of local asset charging; we would support a solution which provides a balance between stability and cost reflectivity.

Please contact me directly should you need clarification on any of these points.

Yours sincerely



Louise Schmitz
Trading Consultant
British Energy, Power and Energy Trading

British Energy
Power and Energy Trading Limited
Barnett Way
Barnwood
Gloucester GL4 3RS

T +44 (0)1452 652222
F +44 (0)1452 653775
www.british-energy.com

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Alba Campus, Livingston EH54 7EG
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