

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



28 August 2008

Dear Tom,

Consultation GB ECM-11 – Charging Arrangements for Generator Local Assets.

EDF Energy is pleased to have the opportunity to comment on the National Grid's charging consultation on generator local assets.

It should be noted that we are responding to this consultation on a stand alone basis and our position with regards to local charging arrangements may change in view of the wider Transmission Access Review and the modifications it encompasses.

As outlined in our pre-consultation response, we believe the problems over design variation discounts merits a review of local asset charges. We have previously supported National Grid's proposal that a User who opts for a single circuit connection (no redundancy) should be rewarded with year-on-year discounts to TNUoS charges (ECM09), and continue to support them in making local asset charges more cost reflective.

We agree it is important to modify the charging methodology to reflect the following objectives:

- To improve the cost reflectivity of charging for assets local to generation; and
- To disaggregate the charge into well defined local and wider locational components

Of the two options proposed within the consultation, we are most in support of Option B – Distance to zonal hub. We recognise that Option A – Specific treatment of generation connections, has some advantages over option B, however we do not feel they outweigh the advantages brought by Option B.

**Option A – Specific treatment of generation connections:**

- It is relatively simple and transparent. The local charge is also likely to be relatively stable, as events affecting it such as the connection of local demand or changes to the local generation background are quite rare and often predictable.

- Identifies specific nodes as being part of the Main Interconnected Transmission System, and therefore Users not directly connected to such nodes would pay a circuit Local Charge.
- Cost reflectivity can be improved upon, over that given by the wider charge, by applying more specific expansion and security factors.
- The simplified assumptions applied to local security mean the charge will not be cost reflective in all circumstances.
- It is likely that option A could be implemented by 1<sup>st</sup> April 2009 with a lower impact on industry, given the wider Transmission Access Review, than option B.

#### **Option B – Distance to zonal hub:**

- Is a numerical approach which identifies each node's relative position in a TNUoS zone, which is reflective of the use of transmission assets for local connections. The local charge will then represent the cost of infrastructure associated with collating energy to an equal position on the network, from which the cost of accessing the market is covered by the wider charge. This numerical approach enables the model include fewer assumptions, be more targeted and more cost reflective of all connection scenarios.
- Although more sophisticated model than option A, option B requires no technical interpretation or application of deterministic criteria. This leads to a more robustly cost reflective charge with no ambiguity.
- There are two instances when a generator's local charge may be altered under option B: 1) If a new generator enters the TNUoS zone and becomes the generator node with the lowest marginal cost, or; 2) TNUoS rezoning leads to the generator node changing zones and therefore distance to the zonal hub. EDF Energy feel that so long as rezoning of TNUoS zones is kept to a minimum and the maximum change at each occurrence of this (+/- in £/kW) is kept to a material level, then there should not be a problem with the stability of the local charge. It is important to note that a change in the local generation background would affect both options A and B.
- This option reflects the cost associated with post-fault power flows more accurately than the averaging approach used in option A.
- It is a robust charge that is deep enough to cover all local infrastructures within a broad range of connection scenarios, whilst retaining cost reflectivity.
- It is likely that the flexibility and cost reflectivity offered by option B may be preferable to option A after implementation of all of the revised transmission arrangements that are encompassed in the Transmission access Review. For this reason we feel it would be preferable for option B to be implemented throughout the process.

As already stated EDF Energy is in support of the implementation of Option B – Distance to zonal hub for the following key reasons:

- It is robust and fully cost reflective;
- It adequately defines the local component.

Although in support of option B, EDF Energy are also aware of the benefits of option A, and do not feel that the implementation of this option would be detrimental to the objectives of reforming charging for generator local assets (GB ECM-11).



If you have any questions on the above comments, please do not hesitate to contact Emma Luckhurst: email: [emma.luckhurst@edfenergy.com](mailto:emma.luckhurst@edfenergy.com) ; Tel: 0203 126 2313

Yours sincerely,

Sebastian Eyre  
Head of Energy Regulation  
Energy Branch