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11 February 2008

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Dear Matthew,

**Response to the Pre-Consultation Document GB ECM - 10**  
**TNUoS Zoning criteria**

Thank you for the opportunity to respond to this Pre-Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

The overriding objective of the TNUoS charging methodology is to provide stable, predictable, transparent and cost reflective charges. However, the zonal charging methodology inherently gives rise to volatility into TNUoS charging that makes the economic decision of locating new generating plant very difficult.

The definition of an exceptional circumstance should therefore take into account whether the potential change to a TNUoS zone boundary has been precipitated by the action of the affected generator or not. Applying this criterion, we would agree that the commissioning of new generation which does not meet the existing criterion of an existing zone should constitute exceptional circumstances and result in the creation of a new charging zone.

However, where the commissioning or decommissioning of generation within an existing zone results in an existing generator no longer meeting the criterion for that zone, that existing generator should not be affected and the commissioning or decommissioning should not be considered as an exceptional circumstance.

Similarly, major industry reform is outwith a User's control and therefore it would be inappropriate for such reform to result in a change to generation zones and the resultant destabilising influence on charges.

Generators require stability in charging to protect them from short-term but potentially material movements in charges due to connection events which are outwith their control. In examining the criteria to be applied in determining charging zones, fewer and larger zones help provide this stability.

Inflating the £1/kW collar by RPI would help eliminate the stretching effect of inflating the Expansion Constant. However, indexation of the £1/kW collar directly to the Expansion Constant and Global Locational Security Factor would better eliminate this stretching effect. Any introduction of indexation should be backdated to the introduction of the current charging methodology to eliminate the proliferation of charging zones which has taken place since its introduction.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

**James Anderson**  
**Commercial and Regulation**