

Sarah Hall
Electricity Charging and Access Development
National Grid House
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sarah.a.hall@uk.ngrid.com

8th February 2010

Dear Sarah,

Exemptable Generation and Embedded Transmission

The Renewable Energy Association is pleased to comment briefly on this consultation. As you are aware our members work on all types of renewable power and heat projects the former being both onshore and offshore, both transmission connected and embedded.

Our overview of the situation is that it is anomalous that 132kv offshore circuits that connect to Distribution Systems in England and Wales are classed as transmission. We must of course accept that situation but it guides us to the view that 132kv-connected offshore generation with connections to a distribution network in England and Wales should be treated as far as possible like any other 132kv-connected generator in England and Wales. This would also maintain the charging essentially as it is now when the offshore regime comes into effect this summer with of course the possibility of changes being made later in light of whatever transpires from the review of charging for embedded generation generally. Not adopting the proposal would mean a change for the effected generators this summer and possibly a further change in April 2011.

We now address the questions posed in the consultation.

Whether offshore Exemptable generators would be unduly discriminated against when the new arrangements Go Live?

Their position would change in that they would be transferred from being embedded to transmission-connected, resulting in changes to their charges. Our view is that as all their power is fed into a Distribution Network (via the embedded transmission circuit) it would be unduly discriminatory not to charge them like any other generator connected to a distribution system, with the addition of course of a charge for the embedded transmission.

Whether charges for embedded transmission generators should be consistent with directly connected generators or embedded generators?

As stated above we feel that the charges should be consistent with those for embedded generators, with the addition of a charge for the embedded transmission. It should be noted that under the methodology being consulted upon the charges for the offshore network would be more cost-reflective (being a pass through of the Offshore TO charges) than under the currently envisaged method.

Whether the issues discussed under GBECM-22 would be better resolved through a wider review of embedded generation?

Clearly the issues considered do relate to the proposed review of embedded benefit, but the matter in hand has to be resolved by this summer; whereas any changes as a result of the wider review would probably not be implemented before April 2011. This leads us to the view that, in addition to the more fundamental arguments, it is better to avoid changes to the charges paid this summer by adopting the proposed modification. Failure to adopt it would mean a change this summer, possibly followed by another change in April 2011.

ETUoS Charges

We would also like to raise a detail about the Embedded Transmission Use of System charges, which recover the cost of using the distribution system. In 6.5 of the methodology you state that "Where a DNO's charge relates to more than one offshore generator, the related ETUoS charge will be pro-rated based on the TEC of the relevant offshore generators connected to that offshore network."

We feel that where there are arrangements relating to different charges at different times or similar in the DUoS charges, it would be more cost-reflective to pass these back to individual generators according to their activity at those times. Methodology wording along the lines of "Where a DNO's charge relates to more than one offshore generator, the related ETUoS charge will be apportioned between those generators in line with the actual tariffs applied by the DNO."

Please let me know if you would like to discuss any of these comments further.

Yours sincerely

Gaynor Hartnell
Director of Policy, REA.

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10th February 2010

By email

Dear Sarah,

RE: National Grid's Consultation on the Treatment of Exemptible Generation Connected to Embedded Transmission

Dear Sarah,

Thank you for the opportunity to respond to this Consultation Document. This is a non-confidential response on behalf of the Centrica group of companies excluding Centrica Storage Ltd.

Centrica supports the principles in this modification. We believe that the differing treatment between onshore and offshore embedded generators post Go Live of the offshore regime will lead to undue discrimination. Post Go Live, embedded exemptible offshore generators that are connected by a 132kV cable will become liable for the local charge covering the OFTO assets, the wider TNUoS charge, as well as the current DNO charges through ETUoS. However, the most comparable generators, onshore exemptible embedded plant, will continue to only pick up the DNO charges and not TNUoS charges. This would appear unjust given that the only physical difference between these two types of plant is that one is located offshore. Centrica does not believe that this is a suitable justification for due discrimination.

We note that when comparing offshore exemptible embedded generation to onshore exemptible embedded generation, neither have access to the wider transmission network except through the DNO to which they connect and neither benefits from the compensation arrangements available to a transmission connected generator in circumstances where the DNO network prevents access to the wider network. We believe that for charging purposes, offshore exemptible embedded generation should continue to be treated as it is onshore.

National Grid argues that the new arrangements are not discriminatory because the change is inherent in offshore 132kV cables being classed as transmission rather than distribution. However, we would argue that a simple change in definition, which changes no physical attributes of the generation or how it is connected, cannot in itself represent a justification for due discrimination. We would also argue that the difference in treatment, as National Grid admits in this consultation, is a result of the offshore charging regime rather than a lack of cost reflectivity in the charging of exemptible embedded generation. We agree with National Grid that a wider review of embedded generation is required and note the publication of GB-ECM-23. However, until this review results in any changes, a difference in treatment should not be introduced. Furthermore, we would also argue that regulatory certainty cannot be achieved if arrangements can arise that are (temporarily) discriminatory.

We note that this modification is inextricably linked to the BSC modification P242 which has been rejected by Ofgem since the publication of this consultation. We are of the opinion that it would have been beneficial if both proposals had been considered together. I hope these comments have been useful. If you want to discuss any element of this response, please do not hesitate to contact me on 07789 579169 or at Ricky.Hill@centrica.com.

Yours sincerely,

Ricky Hill
Industry Development Analyst
Centrica Energy



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9 February 2010

Dear Sarah

GB ECM-22 Treatment of Exemptable Embedded Generation Connected to Embedded Transmission

EDF Energy welcomes the opportunity to respond to this consultation.

EDF Energy note the issues raised by National Grid in GB ECM-22 but agree these form part of a wider issue which would more appropriately be addressed through a single review, GB ECM-23.

GB ECM-23 aims to review the charging arrangements for all transmission and distribution connected generation. EDF Energy looks forward to contributing to this more holistic piece of work.

If you have any queries on this response or would like to arrange a meeting to discuss further, please do not hesitate to contact myself or Nikki Goulding on 01452 654403.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Rob Rome'.

Rob Rome
Head of Transmission & Trading Arrangements

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Contact Bill Reed
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Tuesday 9th February 2010

Email: sarah.a.hall@uk.ngrid.com

Consultation Document GB ECM-22 – Treatment of Exemptable Generation Connected to Embedded Transmission

Dear Sarah

Thank you for the opportunity to comment on the consultation document - Treatment of Exemptable Generation Connected to Embedded Transmission (GB ECM-22). This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply and Trading GmbH and RWE Npower Renewables Limited, a fully owned subsidiary of RWE Innogy GmbH.

We are supportive of the development of an economic and efficient solution to the transmission charging arrangements for generation projects connected to embedded transmission. However, this consultation raises issues with regard to “embedded benefits” for exemptable generation connected to distributed networks and embedded transmission. We believe that these wider issues should be considered under GB-ECM-23.

Prior to the introduction of an enduring solution under GB ECM-23 we believe that power stations currently connected to embedded transmission should be treated under the same arrangements as other embedded power stations. On this basis, it would be appropriate to establish interim GB ECM-22 arrangements in order to ensure that current exemptable power stations connected to embedded transmission are not commercially disadvantaged.

Our answers to the specific questions are included in Attachment 1. If you wish to discuss our response, please do not hesitate to contact me.

Yours sincerely

By email

Bill Reed,
Market Development Manager

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Attachment 1: Response to the specific questions

Q1. Whether offshore Exemptable generators would be unduly discriminated against when the new arrangements Go Live?

Offshore generators that are currently exemptable and connected to the distribution system will be treated differently (when compared with current treatment) as a consequence of the implementation of the offshore transmission scheme. Since these generators currently qualify for embedded benefits it is difficult to understand why differential treatment when compared with other exemptable distribution connected generation is justified despite the fact that these projects will be connected to embedded transmission. GB ECM-22 may, therefore, represent a reasonable approach for an interim period until an enduring solution under GB ECM-23 is developed.

Implementation of GB ECM-22 would mean that there would be differential treatment of offshore transmission connected generation when compared to other generation connected at similar voltages (i.e. 132kV) elsewhere on the GB transmission system. However, such treatment may be justified for an interim period until enduring arrangements for charging for distributed generation is implemented under GB ECM-23.

Q2. Whether charges for embedded transmission generators should be consistent with directly connected generators or embedded generators?

We believe that the arrangements proposed under GB ECM-22 should apply for an interim period until the enduring wider proposals under GB-ECM-23 are implemented.

Q3. Whether the issues discussed under GBECM-22 would be better resolved through a wider review of embedded generation?

We would support a wider review of the charging arrangements for distributed generation including generation connected to embedded transmission under GB ECM-23.