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Richard Lavender
Senior Commercial Analyst
Commercial
National Grid Company plc
NGT House Floor 3C
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Dear Richard,

GREAT YARMOUTH POWER PROJECT
Subject: GB Transmission Charging: Final Methodologies Consultation

Thank you for the opportunity to comment on the above consultation document which follows NGT's consultation on methodologies earlier this year, and in which NGT now invites views on two alternative options for Use of System charging methodology, namely;

- Scenario A: a single averaged expansion constant for all GB
- Scenario B: multi-voltage expansion constants

In response, we comment as follows.

Costs and cost reflectivity

We support the view of NGT that, taking into account interconnector charging, Scottish generation would not be significantly worse off under Scenario B once interconnectors are taken fully into account.

In our view, charging proposed under Scenario B simply reflects that fact that Scottish demand will realise the locational benefit formally denied it before BETTA.

Considering the issue of cost reflectivity, it would appear that moving to the 10/90 generation/demand split is likely to be more cost-reflective and in addition is consistent with the requirements of the EU Directive.

Overall we believe that Scenario B is more cost-reflective than Scenario A and so will better facilitate competition by increasing the probability of delivering correct locational signals.

Cont/...

Price stability

As NGT's analysis of stability of pricing under the two scenarios does not support the contention that pricing will be more stable under Scenario A, Scenario B is in our opinion preferable when judged against this criterion.

In summary for the above reasons BP is supportive of NGT's recommendation to adopt Scenario B for Use of System charging methodology.

Our response is not confidential and may therefore be placed in your library and on your website. We trust that the above comments will be of assistance. Please do not hesitate to contact the undersigned should you wish to discuss the contents of this letter further.

Yours sincerely,

Jim McSorley
UK Power Assets Manager

CC: D Slack
L Avignon
I Jones