

Ireland, Tom

From: david.m.ward@magnox.co.uk
Sent: 09 January 2007 12:58
To: Ireland, Tom
Cc: nigel.burrows@magnox.co.uk
Subject: GB ECM 007 - Magnox Response

Tom Ireland
Electricity Charging & Access Development National Grid Electricity Transmission plc
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(By email)

Tom

Consultation Document GB ECM 007
Adjustment of Seven Year Statement Transmission Entry Capacity Data for Calculating
2007/8 TNUoS Tariffs

This email is the formal response of Magnox Electric Ltd to the above consultation document. Magnox Electric Ltd operates the Magnox power station sites (both those still operational and those which are closed and/or decommissioning) on behalf of their owners, the Nuclear Decommissioning Authority. My comments are not confidential.

Magnox supports the general principle (which is also one of National Grid's Licence obligations) that Transmission Network Use-of-System tariffs should be cost-reflective, as far as is reasonably practicable. Subject to this we also support the principle that tariffs should be reasonably stable from year to year. Consequently we are pleased that National Grid has made the proposals in this consultation document, and we support them in general.

The current rule in the charging principles is that tariffs for a financial year should be based on TEC contracted at 31 October in the previous year. This choice of date is arbitrary, but is reasonable for the preparation of the draft tariffs which have to be issued before the end of December. However it can lead to significant inaccuracies in cost reflectivity of the final tariffs if changes in TEC for the coming year are made after 31 October. Hence we support the proposal to move the deadline date back. The consultation document proposes 23 December; we would support this, or a later date such as 31 December, or even later if that is practicable. We believe that a similar deadline date should be used in future years, to provide consistency from year to year. The Consultation Document does not propose this for future years, but as CAP131 is likely to come into effect within the next year, it will probably be necessary to review the charging principles again before the tariffs for 2008/9 are determined.

Making the change in deadline date proposed for this year has the added benefit that it would remove the large change in tariffs for some zones that would otherwise occur, and so lead to greater stability of tariffs from this year to next.

There is one error in the consultation document. In section 4.1, with respect to the indicative tariffs published by National Grid on 20 December 2006 it states "Bolney and Didcot will no longer be moved from the generation zone?Oxon & South Coast? to ?Wessex?". The zone names "Oxon & South Coast" and "Wessex" were used in the final charging statements for 2006/7 but do not appear in the indicative tariffs published on 20 December, nor do they appear in the table in Appendix 2 of this Consultation Document. Instead there is a "South Coast" zone, and a "South Wales and Thames Valley" zone. Hence it is not clear what the zonal boundaries would be after the proposed change in deadline date. This does not affect our general support for the proposed change.

I hope my comments are helpful. Please contact me if you wish to discuss further.

Regards

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