

Industry Participants

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9 February 2009

Open letter on the ability to make a request for a 'free review' of the impact of a reduction in Transmission Entry Capacity (or Registered Capacity in the case of a BELLA) other than through the modification application process for a defined period.

Dear Industry Participant,

We are writing to you with regard to the above based on feedback from the recent industry seminars whereby we were informed that some Users may be holding on to capacity provided for under their agreements, which they are realistically unable to utilise, in order to avoid modification application fees and associated charges as a result of the reduction in capacity and/or termination of the agreements.

As a result we are proposing to provide Users with a specified period of time within which they can make an application to National Grid Electricity Transmission (NGET) for a 'free review'¹ of the impact in reducing the Transmission Entry Capacity (TEC) or equivalent for a Bilateral Embedded Licence exemptible Large power station Agreement (BELLA) of their projects. For those sites categorised as 'small' that fall under the Statement of Works process, the relevant Distribution Network Operator will discuss any connection site capacity reduction with us so that we can, via the relevant TO, determine the affect of any capacity changes on the transmission system.

For a limited period an application can be made without payment of a fee and, where the application meets the criteria set out below, without liability for a capacity Reduction Charge or Final Sums associated with such reduction.

This course of action is being undertaken to prompt Users to reduce their project capacity, in line with their realistic expectations, prior to NGET seeking to invoke the measures provided for as a result of the approval by the Authority of CUSC Amendment Proposal 150. We believe that this

¹ NGET and the Scottish TOs will undertake a limited desk top review to establish the impact of a TEC reduction in terms of cost and technical impact without seeking to recover its costs through modification application fees.

'free review' period will better facilitate GB Queue² management as it will encourage developers to surrender capacity which they are unable to use and more quickly release capacity, thus providing opportunities for advancement to others within the GB Queue.

The period of time during which this opportunity will be available will be the 6 months commencing 1 March 2009 and ending 1 September 2009. We will review the outcome of this initiative and report the outcome at the following User seminar.

I have attached to this letter (appendix 1) an application form, for you to post, email in pdf format or fax to me that will be used as your formal request for a 'free review' of the impact of reducing your Transmission Entry Capacity (TEC) or equivalent for a BELLA. Please note that this request **only** applies to TEC reductions (or equivalent for a BELLA) and will not constitute a modification application and so a modification fee will not be levied.

Upon receipt of this application form NGET will consult with the relevant Transmission Owners (TOs) who will undertake a desk top assessment and provided the following criteria are met:

- (a) no costs have been incurred on the transmission works associated with the project at the time of the application; and
- (b) from the desk top assessment the reduction is considered not to require any further analysis to ascertain the impact of the reduction on the planned transmission works or have an impact on the local connection works or to require significant changes to the connection agreements; and
- (c) there is no detrimental affect on other users of the network in that connection costs or dates are adversely affected

We will then, as soon as is practical, issue you with an Agreement to Vary your agreement(s) by revising but not limited to, appendix C (TEC) of your Bilateral Connection Agreement (BCA) or appendix A (Registered Capacity) in the case of a BELLA of your connection agreement and proposing such other changes to the agreements e.g. to appendix H (Transmission Reinforcement Works) of your Construction Agreement as necessary to reflect the reduction.

In the event that the criteria above are not met then NGET will notify the User that the application has not been approved and provide the reasons for this. Any subsequent request for a reduction in TEC will then need to be progressed as a modification application in the usual manner and any modification offer will need to address the costs/impact of this reduction.

² The term "queue" is used by National Grid in situations where:

- there are a number of projects seeking connection in the same area; and,
- there is insufficient GB transmission system capacity to connect all; and,
- it is not possible to meet the aspirational connection dates for one or more of the projects due to the others being connected in the area concerned.

It should be noted that during this time NGET will also be using the measures provided under CAP150 to recover capacity from parties who are unable to utilise their contracted capacity and are unwilling to voluntarily reduce their project size.

If you have any queries or concerns in respect of this letter or would like to discuss any matters in respect of managing the GB Queue, please do not hesitate to contact me at chris.sambridge@uk.ngrid.com.

Yours Sincerely,

Chris Sambridge
Policy and Support Manager

Appendix 1

Request form for a ‘free review’ of the impact of a reduction in Transmission Entry Capacity (or Registered Capacity in the case of a BELLA) during the period, commencing 1 March 2009 and ending 3 August 2009, that allows for capacity reductions other than through the modification application process.

I hereby request a reduction in the TEC provided for in the agreement detailed below under the terms outlined in the NGET open letter dated 9 February 2009.

Company name and address	
Site	
Agreement reference	
Agreement dated	
Current TEC ³ (MW)	
TEC reduction applied for (MW)	
Final TEC (MW)	

Authorised by;

Name.....

Signature.....

Date.....

Title.....

³ In the case of a BELLA the registered capacity in appendix A