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Dear Sarah,

GBECM-22 Treatment of Exemptable Generation Connected to Embedded Transmission

Thank you for raising the above consultation in response to our request to address this issue. Whilst the issue of charging for Exemptable generation connected to Embedded Transmission was covered as part of GBECM-08, we were concerned that it may not have received the full attention that perhaps it should have done. This is fully understandable given the scale of the work required to put in place the new OFTO arrangements and the challenging timescales all parties were working to. Now that "Go Active" has occurred we felt that there was the opportunity to re-examine the Embedded Transmission arrangements with respect to Exemptable generators to ensure that the regime is as robust as it can be for Go Live.

This is why we put forward the model for further consideration through the raising of this charging amendment proposal (GB ECM-22) and the associated modification to the Balancing and Settlement Code (P242). Our preferred model for the treatment of Exemptable generation connected to Embedded Transmission requires both proposed changes to be implemented. Of course, in the period since the consultation on GB ECM-22 was issued, Ofgem has rejected P242. Therefore, in light of this we do not believe that GB ECM-22 should be progressed further as would be implemented in the wrong context.

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We would like to emphasise that this decision has been taken solely as we believe that it would be inappropriate to only implement part of our model. We continue to consider that Exemptable generation connected to Embedded Transmission networks is more closely analogous to Exemptable generation on Distribution Networks and therefore should be treated equivalently to it. Therefore, we still believe that the model that would have been introduced through GBECM-22 and P242 is the most appropriate solution.

Yours sincerely,

Paul Jones
Trading Arrangements