



SP Transmission Limited

Response to National Grid’s Pre-Consultation Document GB ECM-06: “For the charging and access arrangements associated with SQSS design variations based on customer requests”

SP Transmission Limited (SPT) welcomes the opportunity to respond to this pre-consultation document. Although SPT, as a transmission owner, does not have a direct commercial relationship with generators connected to its transmission assets, we do have an interest in ensuring that the transmission access and charging arrangements are consistent with our obligations to develop and maintain an efficient, co-ordinated and economic transmission network.

We also have an interest in ensuring that we have the correct level of price control funding to invest in transmission infrastructure for new connections. Our particular interest in this consultation is to ensure that any new arrangements do not compromise on funding required to meet our existing contractual commitments entered into under the present arrangements.

Option 1 – SQSS Modification

There is nothing fundamentally wrong with the GB SQSS in that the Standard supports both secure double circuit and less secure single circuit connections. The problem in this instance is that the shallow connection policy (“plugs”) applied under the GB Connections Charging Methodology does not provide appropriate incentives for a generator to select an economic connection.

Option 2 – Deeper Connection Boundary

With this option, the connection cost payable by the customer reflects the costs of all assets required to establish their connection. This option is the most cost reflective but it is complex to administer and can expose certain customers to the risk of unpredictable step changes in connection charges.

We also question whether there is a willingness in the industry to return to deeper connection charges so soon after the implementation of “plugs” in 2004.

Option 3 – TNUoS Methodology Amendment

On the basis that a deeper connection boundary is not acceptable, we believe that this approach provides the best overall incentive effect.

Although this approach is transparent, it will add to the complexity of the Use of System Charging Methodology



We would encourage careful consideration to be given to the practicalities of supporting customers in assessing the impact of the Nodal Security Factor and the Substation Discount. In addition, consideration should be given to the implications on customers, GBSO and TOs under the Connection and Modification Application procedure of the SO-TO Code.

We would also ask National Grid to consider the following points in the next version of the consultation document:

- It is SPT's interpretation that single circuit connections comply with the GB SQSS therefore the wording that states "...generators would have to accept uncompensated access restrictions..." may need to be clarified.
- Moving to a deeper connection boundary should not imply that the previous E&W arrangements have to be re-established in their entirety.
- It should be noted that in Option 1 the TO cannot be responsible for designing the most economic solution given the current contractual relationships between GBSO and customer. Albeit the TO would carry out the function of the design process, NGET would have to be responsible for the chosen design proposed to a user. Correspondingly, any incentive to "make the right decision" should be placed on NGET as the GBSO.
- Whilst we appreciate that the three connection types quoted, i.e. Scottish island generations, Scottish highland generation connections and Offshore generation connections were the catalysts that brought about this amendment proposal, it may be more appropriate to qualify these with a term such as "connections remote to MITS." This would ensure that connections in our licence area are also included.

8 September 2006