RWE Trading

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Dear Mr Ireland

Pre-Consultation Document: GB ECM-06 For the charging and access arrangements associated with SQSS design variations based on customer requests

Thank you for the opportunity to comment on the above pre-consultation. The following comments are provided on behalf of RWE Trading GmbH, RWE Npower plc, Great Yarmouth Power Ltd, Npower Cogen Trading Ltd, Npower Commercial Gas Ltd, Npower Direct Ltd, Npower Ltd, Npower Northern Ltd, Npower Northern Supply Ltd, Npower Yorkshire Ltd, Npower Yorkshire Supply Ltd.

Option 1 – SQSS Modification

Whilst the TO may be a beneficiary of this option, it is difficult to underand how the “economic justification” would be derived and the benefits correctly apportioned. We are concerned that a change to the SQSS as proposed could result in generators being forced to accept a lower standard of connection against their wishes and also significant operational / constrained-off costs to be met by all Users. We do not support this option.

We would, however, support an arrangement whereby the SQSS could be relaxed temporarily without the need for a derogation, to enable a generating unit to connect to the transmission system earlier than it would otherwise be able to do so. Under this provision, the generator would not be entitled to constrained-off payments attributable to the lower standard of connection during the period of early connection. However, the TO would be required to construct a normal standard of connection to the requirements of the SQSS for the eventual connection of the generating unit.

Option 2 – Deeper Connection Boundary

The need to review the charging and access arrangements for SQSS design variations based on a customer request has arisen following the recent change to a shallow connection charging methodology. RWE did not support the

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introduction of the “plugs” charging methodology and argued that such shallow charging would inevitably lead to inefficient capital investment. However, the reintroduction of a deeper connection boundary would now create new uncertainties for generators, additional complexity in the charging arrangements and numerous legacy issues to resolve. We do not support this option.

Option 3 – TNUoS Methodology Amendment

A change to the TNUoS methodology whereby the generator would gain from a reduced TNUoS charge in return for a lower standard of connection would appear to have some merit, especially if the full cost savings are passed through to the generator as proposed. However, the generator must not be forced to accept a lower standard of connection against its wishes. An alternative to this arrangement would be to provide an annual rebate to the generator who opted for a lower standard of connection based on the avoided capital / finance / maintenance costs that would have been incurred on the additional assets by the TO.

RWE would be prepared support either of these arrangements providing they remained optional for the generator.

We note the comment in the consultation that NGET believes that an amendment to the Connection Charging Methodology should be considered so that sole-user connections at voltages below the transmission voltage are always charged as connection assets. We would welcome an explanation from NGET why it believes such an amendment should be considered.

Status Quo

We have provided comments on maintaining the status quo referred to in paragraph 3.1, although it is not presented as an option in the consultation.

The consultation refers to potential “capital efficiencies” and “economic justification” that may be achieved under the proposed changes but any such benefits are likely to be difficult to quantify and apportion. Moreover, the consultation fails to identify how stranded investments that would lead to such inefficiencies are likely to arise under the current arrangements. In the absence of any persuasive argument why such changes are needed, it remains RWE’s preference to retain the status quo.

I trust you will find the above connects helpful. If you wish to discuss any matters further please do not hesitate to contact me.

Yours sincerely

John Norbury
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