

Tom Ireland
Electricity Charging & Access Development
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

6th September 2006

Dear Tom

British Energy response to pre-consultation document GB ECM-06 for the charging and access arrangements associated with SQSS design variations based on customer requests

This response is made by British Energy Group plc. British Energy is the UK's largest generator of electricity. We own and operate eight nuclear power stations as well as Eggborough Power Station (a large coal plant with two units fitted with FGD) and four small embedded gas generator sites. British Energy is also a large supplier selling exclusively to Industrial and Commercial customers. British Energy Direct accounts for around 30TWh of the UK supply. British Energy welcomes the opportunity to respond to the above consultation.

Key Points:

- **Generally, British Energy supports the National Grid initiative to amend the current charging arrangements to allow the most efficient investment for new connections, particularly in relation to generation connections in the Scottish highlands and islands and offshore.**
- **Of the suggested options, we prefer option 3 'TNUoS Methodology Amendment' as we feel it represents the best way to encourage generators to make an economic choice of connection under the 'plugs' charging model.**

Under the current charging arrangements there is clearly no incentive for customers to request a single circuit connection, or other design variation, as the cost savings are not passed through. This implies that a change is required to the present arrangements to encourage more efficient investment. We agree with National Grid's assessment of option 1 'SQSS modification' and believe that the decision to accept a design variation to a connection should lie with the generator. Whilst option 2 'Deeper Connection Boundary' is in many ways the most cost reflective model it does have many drawbacks as mentioned in the paper. This option would be reversing the decision taken in 2004 to move to the shallow 'plugs' charging methodology.

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The use of a nodal security factor and substations discounts in option 3 'TNUoS Methodology Amendment' should result in more efficient investment for new connections, particularly those circuits with longer lengths. However, we are concerned that the examples given in the presentation slides (generator connected using 2 * 300MW cables) and consultation paper (generator connected using 1 * 600MW cable) for a 600MW generation connection in the Scottish islands gives the same discounted island tariff of £69/kW in both examples. Although in both cases there is no redundancy in the circuits, clearly there is a greater probability of access interruption on the 1 * 600MW circuit. It therefore may not be appropriate to give the same discount for multiple cable connections.

What are National Grid's proposals for treatment of DC connections in the Scottish highlands and islands?

I trust this response is helpful but please feel free to contact me directly should you need clarification on any of the points made.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Louise Allport', is positioned to the left of a vertical red line.

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