

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

19th January 2007

Dear Tom

**British Energy response to consultation document for the adjustment of Seven Year
Statement Transmission Entry Capacity Data for Calculating 2007/8 TNUoS Tariffs**

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:

- **Whilst we recognise that this consultation is to allow a one-off update, we welcome the wider consultation next year on an enduring solution to this issue.**
- **We agree with National Grid that it is more cost reflective to include the additional changes proposed to the Transmission Entry Capacity data.**

An extension to the cut-off date for changes to TEC from the end of October 2006 until 23rd December 2006 allows the 2007/8 transport model to be run incorporating 3 major changes to generation that affects the cost reflectivity of the tariffs. As the model itself approximates the costs and uses historic data to forecast future charges, it is never going to be accurately cost reflective. The current arrangement of having a cut-off date whereby no further changes are considered is the most transparent. Whether it is viable to move the date forward on an enduring basis from the end of October remains to be seen. The issue of cost reflectivity vs. stability of tariffs will no doubt be considered in the wider consultation next year.

Detailed comments:

4.1 Proposal description

The description of the amendment in terms of changes to the zonal boundaries is not clear. The generation zone names used in the description are those from the 2006/7 zones but the changes are referenced against the indicative 2007/8 zonal map containing changed zonal

**British Energy Group plc Barnett Way Barnwood Gloucester GL4 3RS
Telephone 01452 652222 Facsimile 01452 653715**

Registered Office: Systems House, Alba Campus, Livingston EH54 7EG
Registered in Scotland No. 270184 VAT Number 671 0076 58

boundaries and names. My colleague John Morris attended the CISG on 18 January and found the marked up tariff zone map illustrating the changes useful and this would have helped understanding if included in the consultation document. The Appendix 2 tables on their own were a little confusing but I have been advised by John that the generators affected by the reversion to the 2006/07 zonal boundaries will be separately advised for the avoidance of doubt.

Appendix 1

I do not believe that the proposed drafting of the Statement of Use of System Charging Methodology is fit for purpose. The title words in bold 'Deriving tariff discounts for customer choice design variations' are the same as the title contained in Appendix 1 of the Conclusions Report on GB ECM-06 entitled 'For the charging arrangements associated with SQSS design variations based on customer requests'. I would suggest that the title be deleted.

In addition, I would like to suggest an alternate wording for paragraph 2.4, change marked against the version contained in the consultation document.

2.4 "For 2007/08, the nodal generation data for the transport model will be derived from the GB Seven Year Statement, which will contain the contracted generation Transmission Entry Capacity (TEC) and include all notification of changes in generating capacity received by 23 December 2006. Thereafter, for charging year "t", the nodal TEC figure at each node will be based on the Applicable Value for year "t" in the GB Seven Year Statement in year "t-1" plus updates to the October of year "t-1". The contracted TECs in the GB SYS include all plant belonging to generators who have a Bilateral Agreement with the TOs. For example for 2008/9 charges, the nodal generation data is based on the forecast for 2008/9 in the 2007 GB SYS plus any data included in the quarterly updates to October 2007."

Deleted: Interim

Deleted: for England and Wales or equivalent 'export' capacity for Scotland

The reason for my suggested changes is that the GB SYS is no longer an interim statement. The GB SYS contains all TEC values for England, Wales and Scotland and therefore an 'equivalent 'export' capacity for Scotland' is no longer required.

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



Louise Allport
Transmission and Trading Arrangements
British Energy Power and Energy Trading
01452 652187
louise.allport@british-energy.com