

Andrew Truswell
Electricity Charging and Access Development
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Name Andy Manning
Phone 0779 535 3544
E-Mail andrew.manning@npower.com

31st January 2008

Consultation GB ECM- 008

To introduce charging arrangements associated with Offshore Transmission Networks

Dear Andrew,

Thank you for the opportunity to respond to the above consultation. The following comments are provided on behalf of the RWE group of companies including RWE Trading GmbH and RWE Npower plc.

We broadly support your proposal to define the connection/use of system boundary for offshore connections at the offshore substation busbar and believe that this is consistent with onshore and so meets Ofgem/BERR expectations that arrangements will be in line with onshore charging principles. However, any such ownership boundary must always recognise the physical nature of the connection assets employed at the ownership boundary. The boundary point must be readily accessible by either party and the assets readily detachable in order to avoid the difficulties illustrated by GIS switchgear (as discussed at the Grid Code Review Panel 15th November 2007). As stated in our pre-consultation response we can see no reason to vary from onshore principles.

We believe it is important to have cost-reflective charges to ensure appropriate economic signals are maintained. Given the significant differences expected between projects we support the use of OFTO specific expansion factors. However, to be fully cost-reflective these would be required to reflect all the assets and so we are concerned that excluding some assets will damage cost-reflectivity.

We would draw comparisons between this and the proposed discounts for design variations covered in GB ECM- 009. This is another example of cost reflectivity being compromised by placing costs into the residual element of TNUoS. We recognise that Grid intend to have a wider debate on this issue and suggest it may be sensible to include Offshore charging arrangements within this.

RWE npower

Trigonos
Windmill Hill Business
Park
Whitehill Way
Swindon
Wiltshire SN5 6PB

T +44(0)1793/87
77 77
F +44(0)1793/89
25 25
I

www.rwenpower.c
om

Registered office:
RWE Npower plc
Windmill Hill Business
Park
Whitehill Way
Swindon

We do not accept that all of the costs associated with any onshore reactive compensation provided by the OFTO should be recovered by the locational element of TNUoS. The transmission system will benefit from this reactive capability irrespective of the offshore generator being operational and so it is appropriate to socialise the bulk of these costs. In addition, and importantly, the generator must retain the right to provide the reactive capability from the wind farm itself (either in whole or in part). In reality, provision of reactive capability from the generator may prove to be the most economically efficient solution.

Please feel free to contact me to discuss this response in more detail.

Yours sincerely

Andy Manning
Transmission Charging Manager
npower