



Patrick Hynes
UK Transmission Commercial
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

E.ON UK plc
Westwood Way
Westwood Business Park
Coventry
CV4 8LG
eon-uk.com

Paul Jones
024 76 183 383

paul.jones@eon-uk.com

12 October, 2008

Dear Patrick,

Use of System charging methodology issues relating to GB participation in the Inter TSO Compensation (ITC) mechanism

Thank you for the opportunity to respond to the above consultation. This response is made on behalf of E.ON UK plc.

We agree with the preliminary conclusion of National Grid that the charging methodology should not be changed to take account of the ITC mechanism. The situation in GB is somewhat complicated conceptually as the transits across the network appear to provide a net benefit rather than a cost to the domestic transmission network. However, we believe that the arrangements for GB should simply be the mirror image of those that would be appropriate for a system which is exposed to costs as a result of transits across it.

Under the ITC scheme, if transits across a system cause net costs for the relevant transmission owner it will receive payment from the ITC mechanism. It would seem sensible in this instance for this money to be used to reduce the amount of transmission charges to be recovered from domestic users, as this level of investment in infrastructure has not been deemed as being required for domestic use. Similarly, if a transmission system receives a net benefit from the transits across it, as appears to be the case for GB, then payments are made into the ITC (at least in respect of losses at present). Therefore, it would be sensible to inflate the charging revenue to be recovered from domestic users by this amount as this benefit is avoiding domestic transmission costs that they would otherwise have to pay for.

E.ON UK plc
Registered in
England and Wales
No 2366970
Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG

However, if in this second instance the charges for transiting interconnector users were to be reduced as well, as suggested under the approaches in appendix to the consultation, then domestic users would appear to be paying for the benefit of the transit twice, once through increasing the pot of money to be recovered to reflect ITC revenues and again by reducing the size of the charging base. We note that the suggested method in appendix 1 for how this adjustment could be made is to reduce the effective capacity of the interconnectors concerned by the size of the transit. An extension of this logic would suggest that countries that incur costs as a result of transits, and therefore receive money from the ITC scheme, would have to increase the deemed volumes on the interconnectors concerned by the size of the transit for the purposes of levying domestic transmission charges (ie the mirror of the treatment proposed in appendix 1). This does not seem to be in accordance with the principles of the ITC scheme and again would appear to be double counting.

We take additional comfort that National Grid has made the correct decision in proposing no change to the transmission charging methodology from the wording of Article 4,4 of Regulation (EC) 1228/2003 requires that interconnector flows should be charged consistently with those that originate domestically. Additionally, we agree that to charge on a basis consistent with domestic users would not represent a “specific” charge on declared transits and therefore does not put the methodology in contradiction of Article 4,5.

We therefore agree with National Grid’s conclusion that the methodology should not change and that interconnector users and domestic users should be treated equivalently.

I hope the above comments prove helpful.

Yours sincerely

Paul Jones
Trading Arrangements

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

Name Bill Reed
Phone 01793 893835
E-Mail bill.reed@rwe.com

12th November 2008

Email: patrick.hynes@uk.ngrid.com

Consultation Document GB ECM-12 Use of System charging methodology issues relating to GB participation in the Inter TSO Compensation (ITC) mechanism

Dear Patrick

Thank you for the opportunity to comment on the further consultation on Use of System charging methodology issues relating to GB participation in the Inter TSO Compensation (ITC) mechanism (GB ECM-12). This response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply and Trading GmbH and RWE Innogy.

We support the proposals with respect to the changes to TNUoS in relation to GB participation in the inter TSO compensation mechanism.

We believe charges for imports and exports to the GB transmission system should be treated consistently and on a non discriminatory basis. To this end we believe that the current cost reflective TNUoS charging arrangements should apply to exports and imports to the GB transmission system.

We support the allocation of the losses component to TNUoS charges with the costs and benefits of the scheme included in the residual component of TNUoS charges. We believe that these costs should be kept under review in relation to the total costs of the scheme. If appropriate a locational charging arrangement should be considered provided that it is consistent with the regulation, proportionate to the costs and benefits in its application and economic and efficient with respect to signals for transmission investment and interconnector usage.

If you wish to discuss our response, please do not hesitate to contact me.

Yours sincerely
By email

Bill Reed,
Market Development Manager

RWE Supply & Trading
GmbH
Swindon Branch
Windmill Hill Business
Park
Whitehill Way
Swindon SN5 6PB
United Kingdom
T +44(0)1793/87 77 77
F +44(0)1793/89 25 25
I www.rwe.com
Registered No. BR 7373
VAT Registration No.
GB 524 921354
Advisory Board:
Dr Ulrich Jobs
Management:
Peter Terium (CEO)
Dr Bernhard Günther
Stefan Judisch
Dr Peter Kreuzberg
Member of the extended
Board of Directors
Dr Wolfgang Peters
(General Representative)
Head Office:
Essen, Germany
Registered at:
Local District Court,
Essen



Patrick Hynes
UK Transmission Commercial
NGT House
Warwick Technology Park
Gallows Hill
Warwick CV34 6DA

12 November 2008

Dear Patrick,

Response to the Consultation Document
GB ECM-12 Use of System charging methodology issues relating to GB participation in
the Inter TSO Compensation (ITC) mechanism

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower supports the proposal that payments made under the ITC scheme (losses and infrastructure) should be passed through Transmission Network Use of System Charges (TNUoS) and that the scale and nature of the charges does not merit either of the more complex changes to the TNUoS charging methodology discussed in the consultation document.

However, National Grid should take note of the significant differences in charging arrangements across member states and should be considering how to achieve a smooth transition towards convergence of charging. In particular, National Grid needs to address the wide discrepancy in the strength of the locational signal applied in GB vs. that in member states and the split of revenue recovery between generation and demand (G/D split). The proposed new approach to transmission charging (GB ECM 17) addresses many of these issues including the recovery of charges on a MWh rather than MW basis and goes a long way towards achieving the convergence required.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

James Anderson
Commercial and Regulation Manager

Cathcart Business Park, Spean Street, Glasgow G44 4BE
Tel: 0141 568 4469 Fax: 0141 568 4939
www.scottishpower.com

ScottishPower Energy Management Limited
Registered Office: 1 Atlantic Quay, Glasgow G2 8SP. Registered in Scotland No. 215843