

Email: Project.TransmiT@ofgem.gov.uk
Date: 25 January 2011

Dear Colleague

Scope of Project TransmiT and summary of responses to our call for evidence

Project TransmiT is Ofgem's independent and open review of transmission charging and associated connection arrangements.

When we published our Project TransmiT update letter in December 2010¹ (the 'December update'), we said that we would publish our decision in January on the future scope of TransmiT, as well as a summary of responses to our call for evidence². A high-level summary of the key themes in responses to our call for evidence is provided below, and a more detailed summary is included in annex 1 to this letter. We also set out our decision on the scope of TransmiT together with the timetable for the project.

Work to date

We have taken forward a number of areas of work since launching Project TransmiT, including:

- **Call for evidence:** we issued our call for evidence in September 2010, asking for views on the scope of the review.
- **Stakeholder engagement:** we held a well attended stakeholder event in Birmingham in November 2010³ and have separately met with a number of stakeholders to discuss their views.
- **Timely connections:** we issued a consultation⁴ in December 2010 on options for facilitating timely connections under the Connect and Manage⁵ regime.
- **Implementing Connect and Manage:** we have been working with National Grid Electricity Transmission plc (NGET) and DECC to ensure timely implementation of the Connect and Manage regime⁶.

¹http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/TransmiT_Update_Dec2010.pdf

² http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/TransmiT_Call_for_Evidence_Letter.pdf

³We held an industry stakeholder event in Birmingham on 11 November 2010. The presentations and a summary of the discussion at the event are available on our website:

<http://www.ofgem.gov.uk/Networks/Trans/PT/Pages/ProjectTransmiT.aspx>

⁴<http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/121410%20timely%20connection%20draft%20letterdoc.pdf>

⁵On 11 August 2010, the Secretary of State exercised his powers under section 84 of the Energy Act 2010 to implement a form of Connect and Manage.

⁶ Following recent tripartite discussions between Ofgem, DECC and NGET, NGET has produced a guidance note on connect and manage, which is available here: <http://www.nationalgrid.com/NR/rdonlyres/01463C70-F178-4930-9A00-780FE5330F2D/44836/CMversion20.pdf>

- **Interim user commitment arrangements:** we have supported NGET's work to introduce interim pre-commissioning user commitment arrangements, which were introduced in January 2011⁷.
- **Enduring connection arrangements:** we have encouraged NGET to take forward thinking on enduring connection arrangements, in particular on user commitment. We discuss this further below.
- **Academic reports:** we have commissioned work from three leading academics, which we expect to be published by the end of March 2011. In advance, we will hold a roundtable session with industry to discuss the reports; we invite expressions of interest to attend this session, later in this letter.
- **Review of international experience:** we have commissioned work from CEPA on the international experience of transmission charging, which we expect to publish in February 2011.

Call for evidence – key themes

Our call for evidence document invited views on the extent to which Project TransmiT should focus on transmission charging and connection issues, on generation/entry and demand/exit issues, and on electricity and gas issues. We received 61 responses to our call for evidence. All non-confidential responses are available on our website⁸. We would like to thank the wide range of stakeholders that submitted views and in particular welcome the inclusion of supporting analysis in some responses.

We have identified the following high-level themes:

- Whilst there was some concern about the potential wide ranging nature of the review, there was broad support for Project TransmiT and the majority of respondents agreed with the proposed **objective** and **scope** of the review.
- There was a widely held view in responses that the immediate focus of TransmiT should be on both electricity transmission charging and electricity connection issues (such as user commitment and facilitating delivery of timely connections). Many respondents considered that electricity connection issues were at least as pressing (if not more pressing) than electricity transmission charging issues. There was also a view that TransmiT should focus on both generation and demand considerations.
- In relation to **electricity connections**, many respondents considered that delivering enduring **user commitment** arrangements should be an immediate priority for Project TransmiT. A number commented that Connect and Manage was welcome, but there remain practical difficulties to connecting, in particular for those where 'enabling works'⁹ under the new arrangements could still hamper timely connection.
- In relation to the **electricity charging** arrangements, there were mixed views on the benefits of **cost reflectivity**, which is a stated intent of the current electricity transmission charging arrangements. Although many saw benefits in some element of cost reflectivity, there were questions about the appropriate strength of locational signals. Some respondents considered that a move to uniform charging, or a weaker cost reflective signal, would better facilitate the move to a low carbon energy sector.
- A number of respondents commented on **gas** issues, including on certain aspects of the entry and exit charging arrangements. Most of those that commented did not

⁷Under these interim arrangements, NGET will extend its existing interim approach so that Final Sums will continue to require users to secure local works only and NGET will extend its Interim Generic User Commitment Methodology (IGUM) to offer this also to those seeking island connections.

⁸<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Networks/Trans/PT>

⁹ The term 'Enabling Works' is defined in section 11 of the Connection and Use of System Code.

consider that gas was an immediate priority for TransmiT.

Although a number of parties responded to our call for evidence, we were surprised that only a few of the respondents chose to provide evidence or analysis to support the views that they held. **We would encourage all parties to provide us with evidence in support of their views.**

Scope of Project TransmiT

We set out when we launched Project TransmiT that we would consider both the electricity and gas transmission arrangements, including related connection issues and the way in which charging will need to accommodate cross-European and other market and regulatory developments. We said we would, in the first instance, look to prioritise those areas of the current regime that require most urgent attention and sought views on this in our call for evidence.

We think that the views expressed in responses to our call for evidence, and in the context of wider stakeholder engagement since we launched TransmiT¹⁰, support the initial view on scope set out in our call for evidence. That is, that electricity connection issues (such as user commitment and delivering timely connections in the context of the Connect and Manage regime) and electricity transmission charging should be the immediate priority for TransmiT. We will take into account European and other regulatory developments, including for example Electricity Market Reform (EMR), in progressing these priority areas.

We note that there were some comments on the gas transmission arrangements in responses, but agree with those stakeholders who do not see these as an immediate priority for TransmiT. At this stage, we think that there are sufficient routes for industry to develop potential changes to the gas arrangements within the current industry framework. But we will of course continue to take into account, where relevant, any interactions between electricity and gas issues under TransmiT.

Timetable

Our current aim is to issue further consultations in spring 2011 on the electricity transmission charging and connections issues.

We discuss each of these areas in more detail below. Our high-level timetable is as follows:

¹⁰For example the stakeholder event we held in Birmingham on 11 November 2010.

	CONNECTIONS	CHARGING
Jan-11	Timely connections consultation closes	
Feb-11	NGET proposal on user commitment to CUSC Panel?	Publish CEPA's review of international models
Mar-11	RIIO-T1 strategy paper - interactions with timely connections	Roundtable event and publish Academics' reports
Apr-11	Consult on connections options (consult on initiating SCR if appropriate)	
May-11	Potentially launch SCR if appropriate	Consult on charging options , (consult on initiating SCR if appropriate)
End summer 2011	Finalise connections issues	Publish charging recommendations (potentially launch SCR if appropriate)

Connections: Next steps

The responses to our call for evidence have highlighted that:

- whilst there is a general support for the Connect and Manage regime, there are still significant issues hampering connection;
- the key connection issue is the arrangements related to user commitment, especially pre-commissioning user commitment; and
- connection issues are considered by some to be as big a hurdle to projects proceeding as transmission charging is perceived to be, particularly in the case of the Scottish islands and for projects at the extremity of the network.

In light of these concerns, and as noted above, many respondents see reviewing elements of the electricity connection arrangements, particularly the issues around user commitment, as a priority. We therefore intend to fast track our work on electricity connections. With this in mind:

- we have issued a consultation on options for delivering timely connections¹¹. This will also allow better alignment of this work with the RIIO-T1¹² timetable; and
- we have supported the work by NGET to deliver interim pre-commissioning user commitment arrangements. These interim arrangements were introduced in mid January 2011.

We now expect NGET to focus, as a matter of priority, on developing an enduring solution for user commitment. We have asked NGET to carry out analysis on possible alternative approaches to user commitment and to assess the pros and cons associated with these. We expect NGET to produce this analysis in the coming weeks and, if appropriate, to submit a proposal to the Connection and Use of System Code (CUSC) Panel in February. In parallel, we expect to set out our thinking on this area in a consultation by early April 2011.

¹¹<http://www.ofgem.gov.uk/Networks/Trans/PT/Documents1/121410%20timely%20connection%20draft%20letterdoc.pdf>

¹²<http://www.ofgem.gov.uk/Networks/Trans/PriceControls/RIIO-T1/Pages/RIIO-T1.aspx>

If we have concerns that NGET will be unable to develop and give effect to a suitable proposal to modify the user commitment arrangements, we will consult on whether it may be appropriate to initiate a Significant Code Review (SCR)¹³ to progress this specific area.

Charging: Next steps

Respondents expressed divergent views about the current electricity transmission charging arrangements.

Those who argued for a change to the current charging arrangements expressed concerns including:

- about the importance of cost-reflective charging arrangements and/or the way in which charges are set;
- that the current arrangements do not help deliver a balanced, sustainable and diverse electricity generation mix; some respondents also considered that the current arrangements discriminate against renewable generation, particularly in Scotland;
- that the arrangements give rise to volatile and unpredictable charges year-on-year;
- that the current regime charges low load factor plant in the same way as other generation; and
- that the charging methodology is unduly complex.

Those who argued against a change to the charging arrangements expressed views including that:

- there should be no change to the current approach without clear and detailed supporting evidence and analysis. Some respondents opposed a change away from locational charging on the grounds that this would benefit remote thermal, rather than low carbon, generation;
- support for low carbon technology should be provided through explicit mechanisms, rather than through implicit subsidies through the charging methodologies;
- some form of location signal is appropriate to ensure that the costs to consumers are minimised; and
- despite the higher costs of transmission in northern parts of Scotland, projects may well remain profitable under the current charging arrangements because of more favourable wind conditions.

There was also a view that any potential reform to the charging (and connection) arrangements needs to take into account: market support measures, proposals for electricity market reform, and developments in Europe.

Our December update set out the work that we have commissioned from our consultants and academics. We also explained that we would hold a roundtable review session to enable the academics to discuss and debate the key ideas raised in their reports, before their final reports are produced. This session will be an opportunity for stakeholders with

¹³The Significant Code Review (SCR) process was introduced following our Code Governance Review (CGR). Final Proposal on the CGR are available on our website

(<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=297&refer=Licensing/IndCodes/CGR>) as is our guidance on SCRs

(<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=197&refer=Licensing/IndCodes/Governance>)

an interest in the electricity charging arrangements to feed into the finalisation of the academics' work.

To ensure that the academics producing the reports get the most out of the discussion, we think it is important that a broad range of stakeholder interests are represented. However, as we set out in our December update, for practical purposes attendance will be limited. We are therefore asking for expressions of interest in attending this session. We expect to issue invitations to parties who are representative of the wide spectrum of those with an interest in electricity transmission charging.

Following the roundtable discussion, we expect to publish the academics' final reports in March 2011. We will consult on charging options in May 2011. This may include whether it is appropriate to initiate an SCR to implement any changes to the charging arrangements (if required).

We would now like to invite expressions of interest from those who wish to be involved in the roundtable discussion, which will take place in London (with an option for attendance via video conference from Glasgow) on Friday 4 March.

Please email your expression of interest to Project.Transmit@ofgem.gov.uk, by Tuesday 1 February 2011. Please include a summary, of no more than one page, of your background and what you think you could bring to the event.

Please note that we intend to publish both a summary of the roundtable event, and the draft academic reports, in early March 2011. Views on these documents will be welcome from all parties, including those who do not attend the roundtable event. All responses received will be published on the web forum. In addition, there will be further consultation and stakeholder events in the coming months to provide further opportunity for all stakeholders to feed into our review of the electricity transmission charging arrangements. The views of the academics and from the roundtable discussion will form an important input to our own thinking. However, those views will not constrain the position we finally reach on whether, and if so to what extent, the current charging arrangements should be modified.

In the meantime, if you would like to discuss any of the electricity charging or connections issues discussed in this letter, please contact Anthony Mungall (Anthony.Mungall@ofgem.gov.uk) in the case of charging issues, or Lesley Nugent (Lesley.Nugent@ofgem.gov.uk) in the case of connection issues.

Yours faithfully,

Hannah Nixon
Partner, Transmission

ANNEX 1

SUMMARY OF RESPONSES

This annex sets out a high-level summary of responses to our call for evidence. All non-confidential responses are available on our website¹⁴ and a list of respondents is set out in annex 2.

Objective

- 1.1 There was widespread support from a range of stakeholders for the objective of Project TransmiT with some recognising the importance of the objective of seeking to help to deliver the least cost solution to the consumer. One respondent suggested that the review must seek the integration of social and economic objectives with those for the natural environment, and not merely attempt to trade-off one against the other.

Scope

- 1.2 The majority of respondents supported the initial focus of Project TransmiT being on electricity charging (both generation and demand) and associated connection arrangements.
- 1.3 Some respondents raised a concern that the proposed scope is potentially very wide. Many respondents commented on the need for our review to take into account other ongoing developments including Electricity Market Reform (EMR), market integration (and other European policy issues), RIIO, initiatives such as ROCs and the legislative powers of the UK Government (ie section 185).
- 1.4 In terms of issues that should be prioritised within the review, the majority of respondents supported the initial focus of Project TransmiT being on electricity, in particular electricity transmission connection and charging; the key connection issue was seen to be the arrangements relating to enduring user commitment, especially the pre-commissioning risk profile.
- 1.5 Some parties identified challenges with the current connection and charging arrangements that would need to be overcome in the context of charging and connections for the Scottish islands and at the extremity of the current network. These respondents argued that these issues must be addressed as a priority in the review.
- 1.6 A small number of respondents commented on gas issues, eg on the NTS entry and exit charging arrangements. However, there was not widespread support for gas being within scope as an immediate priority. While some considered consistency between gas and electricity is desirable, concerns were also expressed that aligning electricity and gas regimes should not be the primary focus of the review.
- 1.7 Of the respondents that commented on Carbon Capture and Storage (CCS), opinion was divided between those that did not support its inclusion in the review, those that proposed that the review remain mindful of developments in this area and those that considered that TransmiT be used to help ensure that the competitive advantage in CCS deployment is taken forward.

¹⁴<http://www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=1&refer=Networks/Trans/PT>

Process and timetable

- 1.8 There was general support for the proposed high level timetable and plan for progressing further work and consultation, although a small number of respondents highlighted that further iteration with stakeholders is necessary to ensure that the review is completed in a manner that reduces uncertainty and is timely.

Electricity Charging

- 1.9 The majority of respondents provided views on the electricity transmission charging arrangements. Given the number of responses we received and the wide range of views presented, for the purposes of this document we have summarised responses below according to the following themes:

- *Principles* - are these fit for purpose?
- *Strengths and weaknesses* of the current transmission charging regime
- *Alternative models* proposed

Principles

- 1.10 Several respondents considered that the existing charging principles were appropriate, but that an additional principle, related to sustainability, should be added to support the move to low carbon energy sector and achievement of the Government's carbon reduction targets.
- 1.11 Respondents expressed divergent views on the approach to transmission charging. Some respondents questioned the importance of cost reflective charging arrangements. Others questioned whether the current arrangements are truly cost reflective. However, there was also support from a number of respondents for retaining a cost reflective principle in the charging arrangements. Several respondents considered that some form of locational price signal to generators is appropriate towards ensuring network costs to consumers are minimised.
- 1.12 Opinion also differed on the strength of the locational signal derived from a cost reflective approach that would best serve the transition to a low carbon economy. A range of views was presented, including the following:
- The effectiveness of the locational signal rests on the influence on siting decisions and therefore the expediency of the planning process. NGET considered that recent connections activity across GB shows that the current charging arrangements work in principle, but acknowledged that the current methodology is capable of improvement (eg fixing locational charges).
 - The relatively strong locational signal of the current framework is untenable, but some form of signal may be appropriate to those that can respond to it as a means of reducing the overall cost to consumers.
 - The existing methodology is not fit for purpose as the current adherence to cost reflectivity does not best meet security of supply or renewable ambitions. This respondent referenced the proposed "bootstrap" and island link investments as evidence of the increasing signs of stress of the current arrangements to effectively cope with the challenges the energy industry face.
- 1.13 Some respondents were of the opinion that while it is useful for the charging arrangements to signal investment, the ability of parties to respond to locational price signals, and the effectiveness of the arrangements in certain regions, is being undermined by the connection arrangements (see below). Some respondents considered that any potential reform to the charging (and connection) arrangements

needs to take into account market support measures; they should not be developed in isolation from each other.

- 1.14 Of those respondents that supported a move away from strong (or any) locational signal, a number considered the current arrangements discriminate against renewable generation, particularly those in Scotland, through what they considered to be prohibitively high charges in certain regions.

Strengths and weaknesses

- 1.15 There were several comments on the perceived weaknesses of the current arrangements. For example:

- Charging principles do not take into account the anticipated scale of the offshore grid and the costs to be borne by offshore developers and consumers under the current approach.
- The current charging regime does not help deliver a more balanced, sustainable or diverse electricity generating mix, and is not designed to incentivise generation from the best renewable resource.
- The current charging regime charges low load factor plant – such as pumped storage and conventional plant operating as peaking plant - identically to other generation. This appears to delay investment in new storage and peaking plants.
- Locational charging penalises generation at the periphery and with high technical costs. This is felt most keenly in rural areas and by community and new renewable projects. Several cited Orkney as an example where charging is alleged to have resulted in one project being delayed.
- Network charges are volatile year on year, depending on where others locate.
- There is a lack of predictability and stability of charges on generators, especially for those that have little or no choice of location.
- The charging methodology is complex.
- Current charges do not reflect actual use of the system.

- 1.16 In relation to the treatment of distributed generation, a few respondents considered that there was no evidence to support move away from current treatment of distributed generation in the charging methodology, some criticising the policy direction of NGET's recent Transmission Network Use of System (TNUoS) charging consultations (which are currently on hold).

- 1.17 In contrast to the above points, several respondents made the general point that the current objectives are relevant and the arrangements on which these are based are not fundamentally 'broken'. Some of these respondents considered that the current principles and arrangements deliver clear 'value for money' and that the burden of proof has not been met as to why change is necessary.

- 1.18 A small number of respondents, including NGET, provided analysis that suggested that a small increase in load factor can offset the TNUoS differentials in the north of Scotland and the south west of GB. This analysis was used in support of the view that despite the higher costs of transmission in northern parts of Scotland, projects may well remain profitable under the current charging arrangements.

Alternative models

- 1.19 Few respondents that supported a move away from a strong (or any) locational signal provided detailed evidence or analysis in support of their views (although anecdotal references were made to isolated projects).

- 1.20 Few respondents provided details of a potential alternative to the current charging arrangements. One respondent did propose an alternative solution based on:

- a uniform commodity charge across GB as a whole for use of the wider shared transmission assets (based on measured output and a move away from capacity reservation), plus
- a local asset "connection" charge and possible locational losses factor.

- 1.21 Another respondent presented analysis in support of their view that a move to uniform charging could result in additional 4TWh/year of onshore wind.
- 1.22 Of the remaining respondents in favour of change to the current charging arrangements, there was a clear preference for a model that would socialise costs across all users. Other solutions raised by these respondents included a profiled energy use charge, a weighting system whereby high carbon generation contribute more to the costs of grid access for remote areas, and a structure to ensure emerging renewables sector never pay more than conventional or established forms of generation through a flat rate usage charge. A small number of respondents supported the use of external market support measures (e.g. ROCS and/or section 185 powers) in the transitional period until an enduring charging solution is developed.
- 1.23 Many respondents noted their resistance to change the current charging system without clear and detailed evidence and analysis in support of this change. They considered that this evidence would need to demonstrate that the charging arrangements present a potential barrier to policy objectives and the ability of change to better support GB energy policy objectives. These respondents were of the view that if no such barriers are found and/or all consequences of substantial change are unclear then the current regime must be retained. In this case, they considered that if support for low carbon technology is still deemed to be required, it should be provided through explicit mechanisms outside the charging arrangements and not implicit subsidies through the transmission charging methodologies.
- 1.24 A small number of respondents were opposed to a movement towards a 'postage stamp' solution on the basis that, in their view, it would not support the connection of low carbon generation but would instead benefit thermal plant, in total adding unnecessarily to the costs of electricity to consumers.

Further comments

- 1.25 A number of respondents identified detailed aspects of the current TNUoS methodology that they consider require change to make charges more cost reflective¹⁵.
- 1.26 A small number of respondents commented on locational transmission losses charging. One respondent considered that Ofgem's decision on Balancing and Settlement Code (BSC) Modification Proposal P229 (Introduction of a seasonal zonal transmission losses scheme)¹⁶ should be delayed until after TransmiT. This respondent considered that a locational losses scheme would be appropriate in the context of the uniform TNUoS model (but not if the current TNUoS approach remains unchanged).

¹⁵ For example, respondents considered that the application of the global security factor - the best fit line of total marginal cost of the secured network against the unsecured network, currently fixed at 1.8 - and the current division of revenue recovery between generators and demand (27:73) should be reviewed by TransmiT. Some respondents called for TransmiT to consider the increasing impact of offshore wind on the transmission system noting that as the size of the radial offshore network increases the onshore generation tariffs will continue to reduce.

¹⁶http://www.elexon.co.uk/changeimplementation/findachange/modproposal_details.aspx?propID=254

- 1.27 A number of parties commented on the recent removal of TNUoS charges from interconnectors, and what they considered to be the perverse signal this can create, which they considered adversely impacts on parties in GB relative to potential competitors in Europe. Several considered there is a need to take into account developments in Europe, some noting their view that the current GB approach is inconsistent with the approach in Europe.
- 1.28 Of the small number of respondents that commented on the boundary between use of system and connection charging, there was support for the continuation of a 'shallow' connection approach¹⁷.
- 1.29 A small number of respondents commented that demand charging should be within the scope of the review. One respondent noted that demand charging should wherever possible be consistent with that for generation. A separate respondent went further to suggest that the review should seek to examine the proportion of costs which is directly levied to demand, and supported generators making lower or net zero contribution to transmission charges. Another respondent commented that the split of costs between the consumers and generators could be altered in order to reflect the public interest in connecting new renewable energy sources.

Electricity Connections

- 1.30 A number of respondents commented that TransmiT should not touch any of the areas covered by Government's intervention on grid access and should be aligned with the forthcoming EMR. Some respondents welcomed the Connect and Manage regime, but some considered that there remained significant issues hampering connection in peripheral parts of the network, in particular the need to underwrite significant levels of investment.
- 1.31 Of those that commented on electricity connection issues, many considered that pre commissioning user commitment should be a priority for TransmiT. Amongst other things, respondents considered the risk profile of the current arrangements was wrong, and considered that user commitment was in some case as big a hurdle to projects proceeding as transmission charging is perceived to be.
- 1.32 Some respondents welcomed the recent changes to NGET's Final Sums arrangements which have removed the need (on an interim basis) for users to secure wider works; respondents considered this should be an enduring change, with more risk falling to network owners/consumers, and less to developers.
- 1.33 Some respondents considered that NGET's interim generic user commitment methodology (IGUM) should be applied offshore. Some noted that the link to TNUoS made this a poor alternative to Final Sums, as it resulted in high cancellation charges in zones with high generation TNUoS charges. Several commented on the interim nature of the arrangements, and some considered that user commitment should be codified in future.
- 1.34 Some respondents pointed to the need to incentivise network owners to deliver connections in a timely way.

¹⁷Connection charges are calculated as the cost of providing and operating assets that are solely required to connect a particular user (for example, a generator) to the main transmission network. Assets that cannot be solely attributed to a single user are infrastructure and are captured through use of system charges and recovered from all users of the system. Practically, this means that the boundary between connection and use of system charges is 'shallow' based on the extent to which the connection assets penetrate the main transmission network.

Gas

- 1.35 The majority of respondents that commented on the gas transmission arrangements considered that these should not be an immediate priority or within the scope of TransmiT at this stage.
- 1.36 However, some respondents did raise specific issues related to the gas arrangements, including the following:
- *Entry charges:* One respondent considered these are inadequate, and criticised Ofgem for vetoing GCM19 without suggesting an alternative. It also criticised entry charges as not being cost reflective, and stated that auction revenues consistently under recover.
 - *Exit charges:* Two parties considered that application of exit charges to bio-methane and other gas delivered directly onto distribution networks should be re-considered.
 - *Gas storage:* One respondent said we need to encourage development of more storage capacity; it considered that improvements in the overall process of connecting to and using the NTS will benefit this aim.
 - *User commitment:* One respondent considered that loopholes allow parties to defer commitment, while others have to pay for the shortfall and National Grid can collect full amount of auction revenues, even where it spends only minimal sums.

ANNEX 2

The table below sets out the parties that submitted non-confidential responses to the call for evidence.

Table 1: Respondents

Name		
1. Aegir Wave Power	21. Friends of the Earth Scotland	41. Process Industry Carbon Capture and Storage Association
2. Alasdair Allan, MSP	22. Gas Storage Operators Group	42. Prospect
3. APX-ENDEX	23. GDF Suez Energy UK	43. PX Limited
4. Association of Electricity Producers	24. Gordon Johnson	44. Renewable Energy Association
5. Beinn Mhor Power	25. Greenspace Research	45. Renewable UK and Scottish Renewables
6. Bow Group	26. Highlands and Islands Enterprise	46. Rio Tinto Alcan
7. CCS Association	27. Intergen (UK)	47. RWE Group
8. Centrica Group	28. International Power	48. Scottish and Southern Energy
9. CHP Association	29. ITM Power	49. Scottish Council for Development and Industry
10. Comhairle nan Eilean Siar	30. Lewis Wind Power	50. Scottish Environment Protection Agency
11. Consumer Focus	31. Mainstream Renewable Power	51. Scottish Parliament's Economy, Energy and Tourism Committee
12. Cornwall Energy	32. Murdo Murray	52. ScottishPower
13. Dong Energy	33. National Grid	53. Smartest Energy
14. Drax Power Limited	34. Natural England	54. Statkraft
15. Durham Energy Institute	35. Norman Lawrie	55. Statoil
16. E.ON UK plc	36. Orkney Islands Council	56. Total E&P UK
17. EDF Energy	37. Orkney Renewable Energy Forum	57. UK Hydrogen and Fuel Cell Association
18. EDP Renewables	38. Outer Hebrides Renewables Group	58. Voith Hydro Wavegen
19. Electricity North West	39. Pelamis Wave Power	59. Welsh Power
20. ESBI Investments	40. Point and Sandwick Trust	60. West Coast Energy