

Patrick Cassels
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

21/02/2022

**Access and Forward-looking Charges SCR –
January 2022 Consultation on Minded to Positions**

Dear Patrick,

I'm writing on behalf of National Grid Electricity Transmission Plc (NGET) in response to your recent consultation. Overall, we believe the proposals will facilitate decarbonisation and better support strategic investment planning, by removing some distortions and barriers caused by the current 'deepish' connection charging arrangements in distribution.

We do not have any responses on your detailed questions on approach to DUoS charging itself, but we remain concerned about distributors' treatment of cost associated with upgrading transmission connection assets¹ (as covered by paragraphs 2.57-2.64).

We believe these costs should be treated consistently with the proposed distribution voltage level charging rules. This would avoid a single user incurring the full cost of transmission connection asset upgrades, despite providing a benefit to existing and future distribution users. This matter will not be addressed through a wider review of TNUoS charging arrangements, since connection assets do not feature in the calculation of TNUoS charges. We also believe DCP392² is addressing a separate issue and should not prevent this matter being considered further as part of this SCR. More detail is provided in the Annex to this letter.

If you would like to discuss our comments further, please feel free to contact me directly or Matthew Paige-Stimson at matthew.paige-stimson@nationalgrid.com.

Yours sincerely,

Adam Brown
Commercial Strategy Manager
National Grid Electricity Transmission

1 The cost of transmission connection assets are recovered through site specific connection charges.

2 A proposal to cost apportion distribution reinforcement works for an impacting transmission user, in the same way as is done for a distribution user.

Annex

Costs associated with transmission triggered by a distribution connection

Without further change to the Voltage Level rule a distortion will remain arbitrarily affecting users' network choice. Specifically:

- Under the proposed Voltage Level rule, a distribution 33kV connected generator would **not** be charged for any 132kV distribution reinforcement (i.e. one voltage level above).
- However, the same generator would be **fully charged** for any transmission connection asset upgrades typically at 132kV and / or 400kV (i.e. one or two voltage levels above).

The direct pass through of transmission connection upgrade costs to a single user is despite those assets being shared by all other existing (and future) distribution users connected to the grid supply point. We believe upgrades to transmission connection assets should be included within Exit Charges and recovered through DUoS.

Customers have said this issue has been a key factor for viable distribution connections not being progressed and has led them to apply for transmission connections. The impact of this is to unnecessarily increase transmission connection applications.