



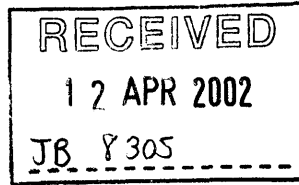
National Grid

11 April 2002

Regulation

The National Grid
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Dear John

MULTIPLE INTERRUPTION AND OTHER STANDARDS FOR ELECTRICITY DISTRIBUTION

We have read the March 2002 consultation paper, "Development of *multiple interruption and other standards for electricity distribution: Consultation on Draft Determination of Overall Standard and implementation arrangements for Guaranteed Standard*", and would like to take the opportunity to make a few comments.

We note from the January 2002 paper, "*Development of multiple interruption and other standards for electricity distribution: Introduction of standards*", that all transmission outages will be excluded from the Multiple Interruption Guaranteed Standard and therefore do not impose any additional obligations on us at this time. Ofgem, however, plans to continue to explore possible means to compensate the worst served consumers who suffer from transmission outages, and we understand that this will be considered in conjunction with future developments to our System Operator incentive scheme and the current Transmission Access review.

Nevertheless, if in the future National Grid is made liable for a proportion of compensation costs paid to customers, a number of issues arise. We have presented our views on this in a paper submitted to John Scott on 18 January 2002. Specifically, the issues were:

- the effect that any proposed mechanism would have on the incentives for co-operation in the design and operation of the interface between the transmission and distribution system;
- the additional costs that would arise; and
- the issue of cost recovery of efficiently incurred costs in future price controls.

Please feel free to contact me to discuss and of the matters I have raised, if required.

Yours sincerely

P.P. M. Tutton

for Tim Tutton



INVESTOR IN PEOPLE

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