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London WC1V 6EDTel: 44 (0) 207 0614000
Fax: 44 (0) 207 0615362Mr David Haldearn
BETTA Project
Office of Gas and Electricity Markets (Ofgem)
9, Millbank,
London SW1P 3GE6th February 2003

Dear David,

The Connection and Use of System Code Under BETTA
Response to First GB CUSC Consultation Document December 2002

Please find below some brief comments made on behalf of EDF Trading Ltd and EDF (Generation) on your consultation document concerning the CUSC to apply throughout Great Britain. As with the consultation on the BSC under BETTA, the comments have been restricted to those identified as being of relevance to interconnectors and their owners and users.

You suggest in the consultation document that the CUSC can essentially remain as it is and, in principle, this is probably true if all the parties in Scotland accept the consequent changes to their connection and use of system charges. Furthermore they all need to be fully aware that those charges could fundamentally change in any new Transmission Access regime, although no doubt this will be covered in the Transmission Pricing consultation still to come out. Our firm view is that to allow for an orderly and evolutionary change to market arrangements, the Transmission Access proposals should be put to one side until BETTA has been implemented and bedded down.

The CUSC at present has been written very carefully to try to accommodate the fact that National Grid has an Interconnectors Business, who owns the Interconnector Assets in England and Wales. The legal difficulty of one part of National Grid signing the CUSC as a counter-party to another part of National Grid is apparent and the fact that there were existing agreements in place meant that this difficulty could be side-stepped (CUSC 9.2 refers). Nevertheless, Section 9 Part 1 is intended to be applicable to Interconnector Owners and Part 2 to Interconnector Users and Interconnector Error Administrators. This works reasonably well for the present, but it will need to be made clear to what extent the Moyle interconnector parties will need to sign CUSC. If the Interconnector Owners for instance do not have to sign because of 'Existing Contractual Arrangements' then maybe Paragraph 9.2 will need amending to reflect this. The comments made in the BSC response on the Interconnector Error Administrator also has relevance here.

We presume that all parties currently involved in the Moyle Interconnector and those that could become involved will be consulted on the implications of signing the CUSC and BSC etc. The roles of Interconnector Administrator and Interconnector Error Administrator need to be understood, as do the charging implications - not just for Connection and TNUoS but also for BSUoS. The latter at present is the sole financial liability that falls on Interconnector Users as CUSC parties and this is determined on a 'gross' basis rather than the 'net' basis used for TNUoS. This is an anomaly which we suggest should be addressed and that Interconnector Users be allowed to form Trading Units under the BSC, which would allow fair treatment in the allocation of the BSUoS charges. This too is referred to in the BSC response.

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Should you wish to discuss any of the points then please don't hesitate to contact me either at the above address or on 07884 310870.

With kind regards

Steve Drummond
UK Market Adviser to EDFT