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David Haldearn
Director, BETTA
Ofgem
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Dear Mr Haldearn

TRANSMISSION CHARGING AND THE GB WHOLESALE MARKET – PART I

Magnar Electric welcomes the opportunity to comment on the proposals for implementing the transmission charging element of the BETTA programme. Our comments are given below:

1. Process for Implementation

We are content with the process proposed for the development of the initial charging methodologies, recognising that limited time is available for their development if users are to be given reasonable notice of their indicative charges.

2. Basis for GB charging methodologies

We would support the principle that the transmission charging methodologies should provide for cost-reflective, non discriminatory charging on a GB basis, which we believe is consistent with the principle of a single, competitive GB market. We would not support ring-fencing of costs by transmission area owner, or other measures which would have the effect of distorting the principle of cost-reflectivity.

We would support using the England and Wales charging methodologies as a basis for the initial consultation. We note that NGC have made formal proposals for development of the England and Wales charging methodologies for 2004/5, based upon the results of their charging review. Generally, we believe that the proposed connection boundary changes and modifications to TNUoS charging methodology are appropriate reforms. We would therefore hope that any amendments to the E&W

charging methodologies arising from this process will be included as part of the basis for the consultation by the GBSO on BETTA charging methodologies.

3. Framework for charging

We support the principle that the GB system operator should be the only transmission licensee obliged to develop charging methodologies.

With regard to the obligations placed upon the GBSO in respect of charging methodologies within the transmission license, we would welcome changes to provide a process that more closely aligns with the models implemented for modification of the BSC and CUSC. It is open to any BSC or CUSC party to propose modifications to that Code which it believes would better facilitate the relevant objectives. We believe it would be appropriate that parties who are subject to connection or TNUoS charges should be able to propose modifications to the charging methodologies, rather than restricting that ability to, say, the System Operator.

I trust the above is helpful.

Yours faithfully

Nigel Burrows
Regulation and Market Access Manager