

X November 2003

Bridget Morgan
Technical Directorate
Ofgem
9 Millbank
London
SW1P 3GE

GCHPL-B100-XXX

Dear Ms Morgan

September 2003 Consultation Paper: The Grid Code under BETTA

Fortum Group, owner of Grangemouth CHP Ltd, welcomes the opportunity to respond to this consultation.

Licence Exempt Embedded Generators

We note that the question of whether or not the GB Grid Code will apply to licence exempt embedded generators in Scotland has yet to be addressed. We would like to take this opportunity to highlight the potentially significant implications of the outcome of such a decision, both in terms of completing preparations for BETTA and as regards the enduring effect on such generators, and would therefore like to see an early indication of Ofgem/DTI's thinking on this point.

Technical Compliance and pre-existing Rights

We note Ofgem's current thinking that there should be no GB Grid Code provision equivalent to the current SGC CC1.6 and we support the move to an enduring regime which provides for derogations against technical requirements in a transparent manner. However, the principle that retrospective amendments will not normally be made to connection conditions or grid code standards is expressly established in the existing Scottish Grid Code. Investments made in Scotland have been made against that backdrop, without any contingency for changes in Grid Code requirements, and therefore some specific recognition of pre-existing rights where they exist may be necessary when making the transition to a GB Grid Code in order to avoid creating any unreasonable and unanticipated additional burdens on the affected parties.

We would expect any pre-existing derogations from technical standards which have previously been agreed under the Scottish Grid Code to be rolled forward under the GB Grid Code framework without alteration. We would not expect any tighter technical standards to be imposed on parties with pre-existing arrangements under the Scottish Grid Code, nor would we expect any new obligation to procure the equivalent of the amount of any derogation previously granted, under the forthcoming GB Grid Code. Should Ofgem/DTI's thinking on these points differ from these

assumptions then we would welcome the earliest opportunity to understand that thinking and to establish a process for resolving the issue.

General Comments

We would welcome early publication of any form of programme which sets out the way the BETTA project is anticipated to develop, to facilitate planning of resources and to provide context to the consultation process. We gather that whilst a baseline plan for the central programme was agreed in September, Ofgem's intention is only to make a high level summary of that plan generally available. As we have previously commented, any plan would be of assistance to parties in making their preparations for BETTA so we would urge rapid publication of this summary. Further, we would welcome publication of the greatest detail possible, since a better understanding of the thinking behind the central BETTA programme is likely to help, rather than hinder, other parties in making their preparations.

Yours sincerely

Ilkka Toijala
Asset Manager