



taking care of the essentials

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Our Ref.

Your Ref.

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Dear Mr Haldearn

Small Generator Issues under BETTA

Centrica welcome the opportunity to provide comments on the above named consultation. We generally agree with the conclusions that Ofgem/DTI have drawn but we are concerned that there are a number of issues associated with charging that need to be further explored and justified.

Centrica notes and agrees that it is reasonable that 132kV is treated as transmission in Scotland as this reflects the predominate utilisation of the wires. In our view this minimises potential discrimination and it will be possible for any other issues that directly relate to small, directly-connected generators to be dealt with through changes to the relevant Industry Codes.

It is essential that the implementation of BETTA retains cost-reflective charging for transmission. We note the concerns raised in the consultation regarding the discrepancy between small generation connected at 132kV in England and Wales and that connected in Scotland. However, we believe this reflects the fact that the 132kV network in England and Wales is used for distribution and not transmission as it is in Scotland. Furthermore, any licensed generation that is connected at 132kV is deemed to be using the transmission system and subject to the relevant charges.

Although Ofgem/DTI contend that they do not believe the embedded benefits provided to generation and supply in England and Wales are proportionate no justification for this assertion is provided. We encourage Ofgem/DTI to provide further detail regarding this conclusion before advocating wholesale change of these arrangements. Centrica believe that embedded generation has a value to local distribution networks and to the transmission network and it is essential that this benefit continues to be recognised to encourage future developments in this area.

We do not support the interim arrangement as proposed. No clear justification has been given as to why Ofgem/DTI believe a discount amounting to the non-locational element of TNUoS is proportional. Indeed, it could be seen as discriminatory to remove the non-locational element of charges for one class of generators connected in a specific region of the network. Centrica believe this is an arbitrary solution that will create an unnecessary distortion in transmission charging.

In our view, it is more appropriate to put the correct solution in place now rather than wait until after BETTA has been implemented. If the current charging methodology is thought to produce transmission generation charges in Scotland that are excessively high, which we believe is the

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case, then the whole charging basis should be reviewed rather than putting in place distortionary interim solutions. Furthermore, there is no obligation on NGC to bring forward charging changes. Although Ofgem/DTI have indicated that a licence condition may be appropriate, Centrica do not believe that this will necessarily allow the right solution to be found, particularly given that the issue may be broader than NGC's charging methodologies.

With respect to the Industry Codes, we agree with Ofgem/DTI that it is appropriate for all transmission-connected generation to be subject to the rights and obligations set out in them. We recognise that some of the obligations under the BSC may be considered onerous for small, independent parties but we believe that these issues can be addressed by appropriate modifications to the BSC being raised by those parties concerned. We would welcome greater clarity in the BSC and particularly within the CUSC with regards to the use of consolidators and/or agents. Not only would this encourage the development of these services, but it would aid small generators who do not have the resource they believe necessary to participate directly in the market.

We trust these comments have been helpful and would be happy to discuss any of the issues raised in more detail.

Yours sincerely

Danielle Lane
Contracts Manager
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