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Date 15 January 2004

Dear David,

Small Generator Issues under BETTA

We are pleased to have the opportunity to provide our views on this consultation on Small Generator Issues under BETTA.

EDF Energy believes that one of the fundamental objectives of BETTA should be to create a level playing field for participants throughout Great Britain. Although it is inevitable that there will be differences in the technical and commercial environment for different types of participant, it is important that participants of the same type should be treated equally across GB. We therefore agree with Ofgem/DTI's view that it is appropriate to put in place arrangements to ensure that there is equality of treatment between generators connected to the 132kV transmission system in Scotland and similar generators connected at 132kV to the distribution networks in England and Wales.

We also believe that in the longer term an enduring solution will be best achieved through greater consistency between the commercial arrangements for the connection to and use of the transmission and distribution networks. In the interim, however, we would support a solution based on the exemption of small generators connected at 132kV from the transmission residual charge under a GB charging methodology. We believe that this approach would meet the objective of non-discrimination.

We note that there would be a number of implementation issues associated with such an arrangement, in particular that the System Operator does not have the necessary scope to consider the relative effects of transmission and distribution charging arrangements. A defined discount, equal to the residual element of

generation charges and specified in the Transmission licence would in our view be a reasonable way to deal with this issue, provided that the changes to the transmission licence did not conflict with other transmission licence objectives. We do not believe that there is a need for a termination date to be specified for this discount, as it would be Ofgem's responsibility to make changes to the Transmission Licence in the event that such a discount were deemed no longer to be necessary.

We would not, in principle, be opposed to explicit measures being introduced into the GB CUSC to facilitate the transfer of responsibility of obligations to another party. However, we believe that the CUSC modification process is the appropriate route for any such changes to be progressed should they be deemed to better facilitate the applicable CUSC objectives.

We agree with Ofgem/DTI's view that the requirements of the Grid Code and the BSC in respect of the provision of data and mandatory ancillary services would not represent an undue burden on small transmission connected generators. We also agree that the current structure of charges under the BSC, if applied under a GB BSC, would not constitute a disproportionate burden on small generators, as these charges are mainly based on metered volumes.

We believe that the existing framework for consolidation services would be a suitable starting point for such services in a GB market. If there is a demand for further development of these arrangements, then there is adequate potential for changes to be progressed through the code modification processes.

We hope that you will find these comments helpful. If you have any queries regarding this response please contact Rupert Judson on 0207 752 2526 or myself.

Yours sincerely

A handwritten signature in black ink, appearing to read 'D. Linford', with a stylized flourish extending from the end.

Denis Linford
Head of Regulation