

27 July 2004

Mr David Halldearn
Director – BETTA
Office of Gas and Electricity Markets
9 Millbank
LONDON
SW1P 3GE

Dear David

BETTA consultation on legal drafting for the GB CUSC

I am replying to your open letter dated 13 July 2004, which sought comment on a proposed amendment to the CUSC to apply under BETTA. This amendment aims to remove the requirement for licence-exempt transmission connected generators to be party to the BSC.

ELEXON has no comment to make on the principle of removing the CUSC requirement for a transmission connected licence exempt generator to be a BSC Party, and on which Ofgem/DTI have already concluded. However, one detailed aspect of the legal drafting proposed may leave some room for doubt as to how this principle applies in practice, in that there is no reference to the treatment of the station demand for such exempt generation sites.

Under the existing CUSC “carve out” for Non-Embedded Customers, a Non-Embedded Customer is not required to be a BSC Party when the supply to that Customer is being made by a Trading Party. This ensures that the supply is accounted for in the BSC, as a Trading Party is defined as being, via the BSC, a BSC Party who holds Energy Accounts, other than the Transmission Company.

With the addition of the new proposed paragraph 6.29.2, although it requires that a BSC Party be responsible for the export, it does not require any BSC Party to be responsible for station demand (Imports). (Note that the drafting of existing paragraph 6.29.1 is insufficient to cover the case of station demand, as a Customer under the CUSC is defined as “a person to whom electrical power is provided... other than power to meet Station Demand of that person”)

We believe it would be appropriate to add a reference to the import, as well as the export, in new paragraph 6.29.2 such that there is a party responsible under the BSC for the import to such Exempt Power Station, in addition to the export already covered in the drafting.

I hope you find this comment helpful. Should you have any questions or comments about this please do not hesitate to contact Keith Campion at ELEXON.

Yours sincerely

A handwritten signature in black ink, appearing to read "Brian Saunders". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Brian Saunders
Chief Executive