

6th August 2004

David Halldearn
Director, Scotland and Europe
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

Dear David,

Response to the initial allocation of GB transmission system access rights under BETTA (Ref 174/04)

Thank you for the opportunity to comment on this consultation, albeit in much reduced timescales, issued on the 23rd July 2004.

We acknowledge and support the intent of the transitional principles embodied in the proposed licence condition and Schedule 1, which will establish a process to provide firm GB transmission system capacity access rights, on a one-for-one basis, on the basis of existing access rights established on or prior to commissioning as at 1st September 2004.

This is an important area of clarification which will provide NGC (as the GBSO) with the appropriate framework to establish with Users, particularly Scottish Users, in conjunction with the Transmission Owner (TO) the basis of necessary Connection Entry Capacity (CEC) and Transmission Entry Capacity (TEC) values as part of the GB connection and use of system agreements.

We support the premise that existing users, established on the basis of their original connection/commissioned date, which may go back to pre-vesting, should have their current access rights conferred in preference to more recent/new connectees. This is an important principle to be strictly upheld and enforced. We do recognise however, that for new connectees' access right applications, a fair and transparent process should be established and applied such that the GBSO must ensure that there is no undue discrimination between users wishing to connect in different TO areas. These enduring arrangements should therefore be established such that applications are also assessed in the order in which they are made, irrespective of which TO area the connection is required for.

We note that the consultation, having established the access rights' principles, does not however provide any information regarding the possible levels of constraint costs in either the short term or medium/long term. Whilst Ofgem noted that constraint costs were only one factor to be considered, the expected levels of constraint costs should be managed by the GBSO and monitored by Ofgem particularly if the level of expected new, largely renewable generation, connections outstrips infrastructure investment

If you wish to discuss any of the above please do not hesitate to contact me.

Yours sincerely



Steve Phillips
BETTA Project Manager
Transmission & Trading Arrangements
Power & Energy Trading