

Steve Mackay
Office of Gas and Electricity Markets
9 Millbank
London
SW1P 3GE

14 June 2004

Dear Steve,

Re: P162 GB Consultation

On 8th June 2004 Ofgem issued a GB Consultation seeking comments in relation to Modification Proposal P162 "*Changes to the definition of Imports and Exports*".

National Grid Transco believes that it would be appropriate to apply the legal text, associated with Modification Proposal P162, to the GB BSC. It believes that the modification serves to clarify the current legal text and has no impact upon existing operational practice. As such, it does not believe that there are any specific issues associated with the modification that make the proposed changes inappropriate for implementation within the GB Code.

Whilst not related to the appropriateness of applying Modification P162 to the GB BSC, Ofgem are asked to note that, as the number of embedded or licence exempt generators connecting to the system increases, there may be a requirement to further review this area of the Code. There are currently no transmission directly connected licence-exempt generators within England and Wales. Under the proposed BETTA arrangements, 132kV lines in Scotland will be included as part of the transmission system, making direct connection to the transmission system by licence exempt generators far more likely following BETTA implementation. In order to provide the information to allow for the efficient, economic and co-ordinated operation of the transmission system, extra Import or Export operational metering may be required from such parties at some point in the future. If this requirement transpires, National Grid will look to bring forward modifications to the Code.

It should also be noted that, in preparation for BETTA, further investigation is still required to ensure that there is sufficient visibility of generation metered volumes to enable appropriate charging for use of the Transmission System. Responsibility for Imports and Exports of transmission connected licence exemptible generators has also been consulted on under the BETTA small generators conclusions. Ofgem's views on these potential interactions with this area of the Code would be welcomed.

If you require further information or clarification in relation to the above comments, please do not hesitate to contact me.

Yours sincerely

Kevin Rendell
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National Grid Transco
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