

David Haldearn
Director, Scotland and Europe
Office of Gas and Electricity Markets (Ofgem)
9 Millbank
London
SW1P 3GE

21st January 2005

Dear David,

**BETTA “minded to” statement on the interim discount for small
transmission connected generators and impact assessment**

Thank you for the opportunity to comment on the above consultation paper issued by the Ofgem open letter on the 17th December 2004.

We note the issues arising from the application of options to implement SLC C13 (Adjustments to use of system charges (small generators)) on NGC as System Operator when calculating use of system charges which are to apply to “eligible generators”.

In consideration of the options identified in the Impact Assessment appended to Ofgem’s letter, we note the quantity of generation that would qualify for the small generator discount (878MW) and the overall materiality involved (c.£3.4M).

We note and agree with Ofgem’s conclusion that Option 1 represents the most pragmatic and proportionate approach to effect application of the discount in respect of: -

- Recovery of these small generator discounts from the GB demand community (estimated at 6p/kW when applied across GB demand of 59GW)
- Basing the solution on a fixed percentage of the published total residual (i.e. the non-locational element of NGC’s TNUoS charges for both generation and demand) to facilitate transparency
- Separating the calculation from the derivation of TNUoS tariffs to simplify termination of the discount scheme in due course
- Not having a potential adverse impact on further development of transmission charging methodologies, for which we note too that the discount scheme proposed will apply for an interim period of up to 3 years thus allowing an enduring solution to be developed.

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
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