

20th June, 2005

Mark Cox
Distribution Policy
Office of Gas and Electricity Markets
9 Millbank
London

SW1P 3GE

Dear Mark,

Structure of Electricity Distribution Charges: Consultation on the Longer Term Charging Framework

Thank you for the opportunity to comment on the above consultation.

This response is made by British Energy Group plc. British Energy is a large supplier selling exclusively to Industrial & Commercial customers. British Energy Direct accounts for around 30 TWh of the UK supply. British Energy is also the UK's largest generator of electricity. We own and operate eight nuclear power stations as well as Eggborough Power Station, (a large coal plant with two units fitted with FGD) and four small, embedded gas generator sites. We are also currently in the application process stage for the biggest on-shore wind farm in Europe, on Lewis, in a joint project with AMEC.

It is important that charges are stable, predictable and transparent. In order to facilitate this it is vital that not only should the DNOs all adopt the same model but that any modifications made to any models are made to them all. There must be a common governance process and common transport and tariff models and methodologies across all of the DNOs. There should also be consistency across voltages.

Both transport models and tariff models need to be made available to all users. It would also be advantageous for industry expert groups to be established in a similar manner to those used for the transmission network in order that all users are engaged in the governance process.

Within the consultation transport style models are discussed. If this is the direction in which the models are progressing it is vital that a simple approach using proxies, especially at lower voltages is employed to maintain transparency. The models should not extend fully below 11kV. Increments could be used but there will need to be consultation on the appropriate size of increment for a distribution network.

Charges for use of the distribution network should be based on the size (capacity) of the connection rather than energy supplied. It would be beneficial for the system if triads were used as a charging base, certainly for the HH metered demand. Further work is needed to explore whether lower voltage customers with appropriate meters also have the potential to benefit from triad avoidance as domestic generation is promoted. The ability to respond to triads should therefore be constrained only by meter type and never by connection voltage to allow all customers access to assist the system in this way.

The basis of charging for embedded generation should also be consistent with that applied to transmission-connected generators.

We are unable to comment on the appropriateness of the models mentioned in the consultation, as there is not enough information to make a judgement on their suitability for the networks.

There needs to be a simple definition of connection boundary that should be consistent with that on the transmission network.

More transparency and scrutiny of the calculation of line loss factors is required, this should be set down in a code or other binding document.

If you have any questions regarding this response please do not hesitate to contact me.

Yours sincerely,



Gayle Cairns

**Trading Consultant
British Energy Power and Energy Trading**

 **01452 653860**

 **07709 458951**

 gayle.cairns@british-energy.com