

Bridget Morgan  
Technical Directorate  
Ofgem  
9 Millbank  
London  
SW1P 3 GE

**E.ON UK plc**  
Westwood Way  
Westwood Business Park  
Coventry  
CV4 8LG  
eon-uk.com

Claire Maxim  
024 7642 5378

claire.maxim@eon-uk.com

Monday 4<sup>th</sup> July 2005

Dear Bridget,

### **Lifetime Derogation Consultation**

Thank you for the opportunity to comment upon requests from Scottish generators for lifetime derogations against specific Grid Code conditions. The response is on behalf of E.ON UK, Cottam Development Centre Ltd, E.ON UK CHP Ltd and Citigen (London) Limited.

#### Connection Condition CC.6.3.2

We are supportive of derogation requests where the requirement has arisen since the plant was designed and built, and note that at vesting in England and Wales, virtually all plant was given a lifetime derogation against some element of CC.6.3.2. However, we would expect all plant to continue to meet its stated design parameters. This is not the case for Cockenzie Units 3 and 4. Although SPG and NGC have agreed some mitigating actions, it would appear that mitigation rests on the supposition that SPG would never run all four units together. The Seven Year Statement shows that SPG have sufficient Transmission Access rights to run all four units. We do not understand how a facility to swap units fully mitigates against the reactive power capability shortfall, and would welcome clarification of this point, and of how the costs of swapping are not passed to the industry to bear.

Whilst we concur with Ofgem that refurbishing generators to achieve compliance is unlikely to be economically viable, we are concerned by the alternative suggested. Reactive Compensation assets do not participate in

E.ON UK plc  
Registered in  
England and Wales  
No 2366970

Registered Office:  
Westwood Way  
Westwood Business Park  
Coventry CV4 8LG

the Reactive Power trading arrangements, and so additional capacity could be viewed as restricting competition. We accept that Ofgem are in the best position to make an informed decision on the relative merits of the alternatives.

Frequency Control and Response

We support Ofgem's views for both Hydro units and Peterhead. If SSEG and NGC manage to come to agreement about mitigating actions at Peterhead, we would welcome an assurance that the industry is not continuing to bear associated costs.

BC2.A.2.6

We support Ofgem's views.

If you have any queries about matters raised in this response, please do not hesitate to contact me.

Yours sincerely

Claire Maxim  
Lead Contract Manager