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Dear Mark,

**Consultation on Electricity Distribution Use of System Charging Modification Proposals: Central Networks and United Utilities – Reactive Power Charges**

Thank you for the opportunity to comment on the above consultation regarding the Distribution Use of System charging modification proposals for reactive power charges. This response is submitted on behalf of National Grid Electricity Transmission plc (National Grid).

Although we do not have any specific comments on the proposed modifications to the charging methodologies National Grid welcomes the consultation regarding charging for excess reactive power. Whilst the end consumer's power factors may lead to increased costs on the distribution network, they can also feed through to the Distribution Network / Transmission Owner interface and may lead to increased costs on the transmission network.

National Grid believes that it is important that these costs are reflected through to customers where practicable to encourage efficient investment in both the distribution and transmission networks. If National Grid were to develop the Transmission Network Use of System (TNUoS) charging methodology to allow for cost reflective charges to be levied for the use of excess reactive power on parties connected directly to the transmission system, then DNO's would need a mechanism to pass through this charge, cost reflectively, to the appropriate user. An efficient cost pass through mechanism would be required, and clearly an existing DNO reactive charge could be used to effectively allocate any reactive transmission charge should one be developed.

We therefore welcome the developments in the distribution networks charging methodologies as an important element in arriving at an appropriate industry-wide charging methodology for excess reactive power that may facilitate as far as practicable the efficient pass-through of costs associated with investment in reactive compensation equipment to those users responsible.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'S. Easterbrook', written in a cursive style.

Stuart Easterbrook  
Electricity Charging and Access Development Manager