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Electricity Charging and Access Development
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Promoting choice and
value for all customers

Direct Dial: 0207 901 7050
Our Ref: GB ECM-06

5 December 2006

Dear Tom,

Use of system charging methodology modification proposal GB ECM-06: SQSS design variation based on customer requests

On 17 November 2006 National Grid Electricity Transmission Plc ("NGET") submitted a proposal to modify the use of system charging methodology in relation to the charging arrangements associated with SQSS design variations based on customers requests.

Paragraph 4 of Standard licence condition ("SLC") C5 (Use of System Charging Methodology) of NGET's electricity transmission licence sets out that "the licensee will not make any modification to the use of system charging methodology where the Authority has, within 28 days (or within 3 months if the Authority intends to undertake an impact assessment) of the report being furnished to it under paragraph 3, given a direction that the modification shall not be made".

We can confirm that we consider the modification proposal to be "important" for the purposes of section 5A of the Utilities Act 2000 and that we intend to undertake an impact assessment in accordance with section 5A of the Utilities Act in respect of that proposal.

We currently anticipate publishing the impact assessment document by 15 December 2006 and making a decision on the proposal on or before 16 February 2007.

In the interests of providing transparency to users of the transmission system this letter has today been published on Ofgem's website. Should you have any questions on this matter please contact Grant McEachran at grant.mceachran@ofgem.gov.uk or on 0141 331 6011.

Yours sincerely,

Robert Hull
Director of Transmission

