



Ofgem Consultation Zonal Transmission Losses UNISON Scotland Response

1. This is a response from UNISON Scotland to the Ofgem consultation paper; Zonal transmission losses – assessment of proposals to modify the Balancing and Settlement Code. UNISON Scotland is the largest energy trade union in Scotland representing staff across the industry. We are also the largest trade union in Scotland representing 160,000 members with a strong citizenship interest in the Scottish energy industry.
2. This consultation seeks to alter the rules under which the costs of transmission losses are allocated. Each of the proposals would seek to allocate losses on a locational basis unlike the current system that operates on the 'postage stamp' principle that costs are allocated irrespective of where electricity enters and leaves the network.
3. UNISON Scotland strongly believes that the existing rules should be maintained. The cost of transmission losses should continue to be recovered from generators and suppliers on a uniform basis.
4. Any move away from the 'postage stamp' principle would result in discriminatory charges against generators further away from the main centres of population. In particular this would have a significant impact on the developing generation industry in the north of Scotland. Although in general it would discriminate against Scotland and the north of England. It seeks to encourage generating capacity close to urban centres that may not be best suited to take advantage of renewable and other new generating technologies and place development pressures on areas that may not be best placed to absorb them.
5. This is not the first time that Ofgem have promoted this policy. It has previously been rejected and is now being revisited under the guise of environmental benefit. This is simply a smokescreen for the same market fundamentalism that drives so many of Ofgem's misguided policies in the energy industry. Transmission charges are another example of this approach.
6. There is strong cross-party support in Scotland for the 'postage stamp' principle as reflected in the policies of both Scottish Labour and the Scottish National Party on this issue.
7. In summary we can see no new grounds for revisiting the issue of zonal transmission loss at this stage. The current system has served the industry and the UK well over many years and this lengthy paper fails to even properly consider the case for the status quo.

Dave Watson
Scottish Organiser
10 April 2007
d.watson@unison.co.uk