

Monday, 30 July 2007

Office of Gas and Electricity Markets  
9 Millbank  
London  
SW1P 3GE

Dear Sirs,

***"Zonal Transmission Losses"***

As the representative body for around 400 Manufacturing Engineering organisations across Scotland, Scottish Engineering has great concerns with the OFGEM proposals in relation to Zonal Transmission Losses.

The proposals are totally inappropriate and will be bad for Scottish business.

In particular, both Renewable and Nuclear generation in Scotland will be significantly adversely affected by the OFGEM proposals, which will be opposed by all major consumer groups.

We also have concerns that at a time when we should be working to facilitate the integration of the UK and EU Energy Markets, the extension of major differences in transmission charging methodologies across the region is a retrograde step.

Yours faithfully,



**Dr Peter T Hughes OBE FEng**  
***Chief Executive***  
***Scottish Engineering***