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value for all customers*

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24 September 2008

Dear Hêdd,

Use of system charging methodology modification proposal GB ECM-11: Charging arrangements for generator local assets

On 15 September 2008 National Grid Electricity Transmission Plc ("NGET") submitted a proposal to modify the use of system charging methodology in relation to the charging arrangements for generator local assets.

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 shortly and making a decision on the proposal on or before 15 December 2008.

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 Michael Dodd at Michael.Dodd@ofgem.gov.uk or on 0141 331 6008.

Yours sincerely,

Stuart Cook
Director, Transmission Networks