



Hêdd Roberts
Electricity Charging and Access
Development Manager
NGT House
Warwick Technology Park
Gallows Hill, Warwick
CV34 6DA

*Promoting choice and value for
all gas and electricity customers*

Your Ref:
Our Ref:
Direct Dial: 020 7901 7009
Email: stuart.cook@ofgem.gov.uk

3 December 2009

Dear Hêdd,

Use of system charging methodology modification proposal GB ECM-18: Locational BSUs

This letter confirms our intention to undertake an impact assessment of the proposal submitted by National Grid Electricity Transmission Plc ("NGET") to modify the use of system charging methodology in relation to the Balancing Services Use of System charge.

NGET submitted this proposal to us on 26 November 2009. 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 ("the Act") and that we intend to undertake an impact assessment in accordance with section 5A of the Act in respect of that proposal.

We anticipate publishing the impact assessment document shortly and making a decision on the proposal on or before 1 March 2010. 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 Dena Barasi at dena.barasi@ofgem.gov.uk or on 0207 901 7343.

Yours sincerely

Stuart Cook
Acting Senior Partner, Transmission and Governance