RWE Supply & Trading

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Dear Ms Mackenzie

Proposal to modify the Security and Quality of Supply Standard by increasing the infeed loss risk limits (GSR007) – Impact assessment and consultation

Thank you for the invitation to provide comments on the above consultation dated 29th October 2010. The following response is provided on behalf of the RWE group of companies, including RWE Npower plc, RWE Supply & Trading GmbH and RWE Npower Renewables Limited, a wholly owned subsidiary of RWE Innogy GmbH.

RWE is are generally supportive of the proposal to increase the normal infeed loss limit from 1000MW to 1320MW and also increasing the infrequent loss limit from 1320MW to 1800MW. However, we do have a concern with the criteria for triggering the infeed change date. We have raised this concern with National Grid but have not received a satisfactory explanation.

Question 1 – Are there any other relevant criteria which respondents feel should form part of our assessment?

As proposed, the infeed change date will occur on the commissioning of a single generating unit greater than 1320MW. Until that time, the connection of a generating unit with a capacity between 1000MW and 1320MW would only be permitted providing it meets the cost of additional response held by National Grid. This requirement, which we understand would be included within the terms of the bilateral connection agreement, is confirmed in chapter 5.3 of National Grid's report dated 11th September 2009.

Nuclear generating unit designs currently being considered by developers include Areva (EPR, approximately 1700MW registered capacity) and Westinghouse (AP1000, approximately 1200MW registered capacity). Under the proposed arrangements, Areva's design would trigger the SQSS change and it would therefore not be exposed to additional reserve costs. However, the smaller Westinghouse design would not trigger the SQSS change and it would continue to be exposed to

additional reserve costs until a generating unit greater than 1320MW capacity is commissioned.

It is acknowledged that the proposals would not introduce any new barrier in connecting the smaller Westinghouse design, as referenced in Chapter 3.55 of the consultation. However, the proposal would appear to discriminate in favour of Areva's design or any other design above 1320MW capacity, since these designs would not carry the risk of additional reserve costs. Consequently, these designs would be more attractive to nuclear developers in the process selecting a particular design. To avoid this discrimination, it is suggested that the change to the infeed loss limits be triggered following the commissioning of a single generating unit above the normal loss risk limit of 1000MW.

Should GSR007 be approved and the infeed change date occurs on the 1st January 2014, then the above concerns would be allayed. However, until the 1st January 2014 date is approved and implemented, the change as proposed presents an incentive in favour of a particular nuclear design technology.

Yours sincerely

By e-mail

John Norbury
Network Connections Manager