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Dear Anthony

RE: Consultation on the discount for small transmission connected generators from 31 March 2011

Thank you for the opportunity to respond to the consultation regarding Standard Licence Condition C13 (SLC C13).

Of the options presented in the consultation paper for dealing with the expiry of SLC C13, National Grid is supportive of option a) i ; 'extending the licence condition to an agreed date at the current value of the designated amount'. This option represents least change from the current situation and appears to be a pragmatic and proportional interim solution during the course of Project TransmiT. Once TransmiT has either concluded or made sufficient progress in this area, NGET anticipates that it would be able to initiate development of an enduring solution under the CUSC.

Given the importance of certainty in charging arrangements in relation to promoting investment, we agree that a revised expiry date of 31 March 2013 seems sensible at this time. This date may need to be reviewed subject to developments under Project TransmiT and mindful of the subsequent process required under the CUSC for the development of proposals. The transparency of the CUSC process should provide confidence of progress once initiated.

The consultation notes that the initial reasoning for a best endeavours obligation in SLC C13 was predicated on National Grid's unique role and ability to drive the process in this area of the framework. The outcome of the recent code governance review has led to two significant developments that have changed this position. Firstly, charging governance has been moved into the CUSC and therefore National Grid is no longer the only party able to bring forward formal proposals. Also, the approach to initiating code changes in relation to an Ofgem led review is being formalised in the Significant Code Review process. As a result of the above, and National Grid's demonstrated ongoing commitment to the timely development of an appropriate solution, it is no longer appropriate to retain the best endeavours obligation within SLC C13.

Yours sincerely,

Patrick Hynes
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