

Anthony Mungall
OFGEM
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29 November 2010

Dear Anthony,

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

Thank you for the opportunity to respond to this Consultation Document. This response is submitted on behalf of ScottishPower Energy Management Ltd, ScottishPower Generation Ltd and ScottishPower Renewable Energy Ltd.

ScottishPower supports Ofgem's proposed approach to extend the "small generator discount" to 31 March 2013. It would therefore be appropriate to remove the "best endeavours" obligation on National Grid.

The scale of the changes proposed by National Grid in the industry discussions held during 2010 was completely disproportionate to the size of the small generator discount of £7.5m. National Grid's proposals would have required major reform of the existing arrangements between embedded generators and suppliers and extensive modification of BSC Party and central settlement systems. Unsurprisingly, industry was unanimously opposed to the National Grid proposals.

Extension of the small generator discount to 31 March 2013 will allow the issue of the differential treatment of 132kV connected generation in Scotland and England & Wales to be addressed through the Project TransmiT process. This will ensure that any solution developed is consistent with the treatment of charges for both transmission connected and embedded connected generators.

As Ofgem will have responsibility for the development of the Project TransmiT outcomes, it would not be appropriate to continue to place an obligation on National Grid (via licence conditions to develop and implement charges.

I hope you find these comments useful. Should you have any queries on the points raised, please feel free to contact us.

Yours sincerely,

James Anderson
Commercial and Regulation Manager