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By Email only

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Dear Hannah

**Project TransmiT: next steps on connections issues**

Thank you for the opportunity to respond to your consultation on next steps on connection issues in transmission.

We agree with your stated high-level principles of the regulatory framework which are to encourage network companies to play a full role in the delivery of a sustainable energy sector and to deliver value for money network services for existing and future consumers. We share Ofgem's concern that risks are not currently allocated efficiently between new and existing network users, the network companies and consumers.

The fundamental problem with connection charging at transmission voltages is the super-shallow connection boundary that was introduced a number of years ago. This has had a number of adverse consequences: it has removed strong economic signals on new customers on where to connect with many of these costs now being socialised amongst other network users; and it has reduced the potential to introduce a greater level of competition in transmission connections with the consequent downward pressure on charges to customers. To compensate for these adverse effects, NGET have tried to develop complex charging alternatives such as user commitment.

Rather than continuing to develop and refine these complex user commitment arrangements, it would seem more appropriate to move transmission charging closer to the approach used in electricity distribution, with networks extensions being funded through capital contributions and wider reinforcement being funded, in part, through use of system charges. No stranding costs should be levied where connections are terminated but the transmission charging arrangements should be relied upon to encourage any spare capacity to be taken up.

Yours sincerely,

A handwritten signature in blue ink that reads "Tony McEntee".

Tony McEntee  
Head of Commercial Policy