



Martin Crouch
Partner, European Wholesale
Ofgem
9 Millbank
London
SW1P 3GE

E.ON UK plc
Westwood Way
Westwood Business Park
Coventry
West Midlands
CV4 8LG
eon-uk.com

Guy Phillips
T 02476 183531
guy.phillips@eon-uk.com

Friday 25 May 2012

Re: Open Letter: Planning for an integrated electricity transmission system - request for views

Dear Martin

We welcome and thank you for the opportunity to input at the start of Ofgem's ITPR project. We are broadly supportive of the aims and objectives of the project and agree that it has identified a number of key areas that need to be considered.

The issues for review are complex and have a number of interactions. Whilst the project is at an early stage and we note the intention to ensure that the regimes continue to provide effective and stable frameworks to enable the significant investment in transmission infrastructure expected to be required, early articulation of what any new institutional structures may look like will be welcome.

In this context it is our view that the project should provide clear routes for the development of and investment in the different categories of transmission regime, given the competitive arrangements for connecting offshore generation, Ofgem's stated intention to provide a framework for the competitive delivery of onshore transmission, alongside incumbent TO's baseline plans and facilitating new interconnection, which may be multi purpose. In doing so it will be important to ensure that any recommendations, both short and longer term, does not delay current generation and transmission projects in progress, avoids unnecessary additional cost and maintains network security and reliability standards.

Through the development of the offshore transmission regime we have previously supported the principle of a single body responsible for identifying and coordinating development of an optimised transmission system. This would facilitate achieving the potential cost savings identified in the OTCP and help safeguard the GB consumer from stranding risk, as contracted projects come forward. In considering the NETSO's role, the

E.ON UK plc
Registered in
England and Wales
No 2366970

Registered Office:
Westwood Way
Westwood Business Park
Coventry CV4 8LG



arrangements should seek to promote confidence from third parties in the independence of the SO function given National Grid plc's licensed TO business, interest in offshore transmission investment opportunities and interconnectors. We recognise the parallel issues raised in relation to the NETSO's role in administering arrangements under Electricity Market Reform.

We support reviewing the GB network planning obligations compatibility with European network planning requirements. Our initial thoughts are that the GB arrangements can mirror the European outcome providing licensed transmission companies have sufficient obligations to provide appropriate information to the NETSO to allow it to perform a wider coordination and optimisation network planning function.

In reviewing the interaction between transmission investment regimes to facilitate connection of new generation, coupled with integrated cross border infrastructure, we welcome consideration of the connection arrangements for these projects given the TSO status of interconnectors under the European Third Package. We also welcome consideration of the interactions arising from cross border investment as a whole and recognise the challenge of reconciling the development of a single European wholesale market, renewables trading arrangements, individual member state's arrangements, alongside the potential longer term benefits and costs to the GB consumer.

We hope you find our response of help, should you wish to discuss any aspect of our response further please do not hesitate to contact me.

Yours sincerely

Guy Phillips
Grid Interface Executive