

Leonardo Costa
System and Wholesale Market Operations
Ofgem,
9 Millbank
London
SW1P 3GE

27th March 2015

Dear Leo,

Re: Statutory Consultation on amending Special Licence Condition 4K of National Electricity Transmission Plc's (NGET) transmission licence to allow it to recover costs of payments under tender option contracts for Demand Side Balancing Reserve (DSBR) and Supplemental Balancing Reserve (SBR)

Thank you for the opportunity to respond to this consultation. We agree that the recovery of economic and efficient costs in relation to tender options contracts should be permitted where such contracts can be demonstrated to be in the best interest of consumers by increasing the liquidity of DSBR and SBR tenders to promote the volume requirement being met at least cost.

We also agree that the proposed licence modifications set out in the associated notice published under Section 11A(2) of the Electricity Act 1989 give effect to the recovery of such cost in the manner set out in the consultation.

Yours sincerely

By Email

Peter Bingham
National Grid