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The Office of Gas and Electricity Markets
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Drax Power Limited
Drax Power Station
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30 January 2017

Dear Emma,

Minded to decision to remove the Supplemental Balancing Reserve (SBR) and Demand Side Balancing Reserve (DSBR) cost recovery arrangements for 2017/18

Drax Power Limited ("Drax") is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. The 4,000MW station consists of six separate units, which together produce around 7-8% of UK generation. Drax is a predominantly renewable generator, with three of its units having been converted to renewable biomass as part of the largest single site decarbonisation project in the EU.

We welcome the open letter and agree with Ofgem's minded to decision. Given the introduction of the T-1 Capacity Market auction for the 2017/18 delivery year, it is timely to amend National Grid Electricity Transmission's (NGET's) licence to remove the SBR and DSBR cost recovery arrangements and associated obligations related to procuring, testing and utilising the services for winter 2017/18.

We note Ofgem's intention to hold a further consultation, later this year, on the removal of the wider SBR and DSBR provisions in NGET's licence. This is also welcome, although it would further improve market certainty if Ofgem were to set out the proposed timeline for such changes (i.e. the consultation and direction) at the time of publishing the cost recovery direction in March 2017.

Please do not hesitate to contact me, should you wish to discuss any aspect of our response.

Yours sincerely,

By email

Stuart Cotten
Head of Regulation and Compliance