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6 March 2007

Dear Steve,

Efficient discharge of activities by the CUSC Amendment Panel

I am writing in capacity as CUSC Amendment Panel Chairman to request your guidance and assistance as to how the following matter might be most efficiently progressed. The CUSC Amendment Panel is established under the CUSC with a view to ensure that the CUSC facilitates the applicable CUSC objectives, which are:

- (a) the efficient discharge by the Licensee of the obligations imposed upon it by the act and the Transmission Licence; and
- (b) facilitating effective competition in generation and supply of electricity and facilitating such competition in the sale, distribution and purchase of electricity.

During the CUSC Amendment Panel meeting held on Friday 23 February 2007, the CUSC Panel considered a new Amendment Proposal raised by Mike Davies of Wind Energy (Forse) Limited. The Amendment proposes to change the CUSC to prioritise the use of the GB Transmission System by renewable generators by:

- Providing firm access to the GB Transmission System up to their full capacity by a fixed date irrespective of whether or not any of the wider reinforcement works required to accommodate their output have been constructed;
- Constraining off conventional generators, where technically possible, rather than renewable generators.

The full Amendment Proposal is attached as Appendix A.

The basis for Wind Energy's Amendment Proposal is its view that NGET's current Transmission Licence (the 'Licence') is not consistent with Article 7 of the Renewables Directive (2001/77/EC) (the 'Directive'). The Directive requires Member States to take the necessary measures to ensure that transmission system operators guarantee the transmission of electricity produced from renewable sources and may allow priority access to the grid system for electricity produced from renewable energy sources.

The proposed amendment creates a difficulty for myself in terms of ensuring efficient progression of Panel work in that the Amendment Proposal would be assessed against the current licence objectives and, as such, would fail on the grounds of discrimination and inefficient operation. The view that the Amendment would be rejected represents the unanimous opinion of the CUSC Panel.

Following the discussion at the Panel meeting, Mike agreed to withdraw the Amendment Proposal, thereby putting on hold any work on the proposal, whilst a view is obtained from the DTI and Ofgem as to whether National Grid's Licence is consistent with the Directive. The intention of this letter is to request such a view. Once such opinion as you can offer has been received, the CUSC Panel is likely to progress on one of two paths:

- (a) If your opinion is that the Licence complies with the Directive, then it is possible that Mike will withdraw the Amendment and avoid unnecessary CUSC work;
- (b) If, however, your opinion is that the Licence does not comply with the Directive, then clearly National Grid, Ofgem and the DTI need to jointly consider the implications of any possible Licence change.

If no view is forthcoming from Ofgem and/or DTI on this matter, then I anticipate that the Amendment proposal will be re-submitted and the CUSC Panel will commence work on the formal assessment process.

As I stated above, the Panel's unanimous view that this proposal would be rejected as it would not meet the current Licence objectives of non-discrimination and efficient operation. As CUSC chair I have a responsibility to ensure the business of the panel is efficiently progressed and I would therefore request that such an opinion on this matter is provided by DTI and/or Ofgem at your earliest convenience and in any event prior to the next Panel meeting, scheduled for Friday 30 March 2007.

Please contact me at the number above if you would like to discuss any of the issues raised in this letter.

Yours sincerely,

Simon Cocks
CUSC Panel Chairman

cc	Mike Davies	Wind Energy (Forse) Limited
	David Edward	Ofgem
	Jim Campbell	Department of Trade and Industry
	Neil Feinson	Department of Trade and Industry
	Sonia Brown	Ofgem
	David Gray	Ofgem