

Tom Ireland
Electricity Charging & Access Development
National Grid Electricity Transmission plc
National Grid House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

17 January 2007

Dear Tom

Adjustment of Seven Year Statement Transmission Entry Capacity Data for Calculating 2007/8 TNUoS Tariffs

Uskmouth Power wishes to support NGET's proposal to remove the 3 generators that existed in the SYS in October from the calculation of TNUoS for the coming year. We believe that the charges will only send the right messages about economic behaviour if they are related to the actual state of the system. These particular generators have a material impact on the potential operation of the system and it is therefore in line with NGET's licence obligations that the charges are reviewed.

Achievement of Licence Obligations:

a) to facilitate effective competition in generation and supply

Competition is more effective if the costs of generation and supply best reflect all of the costs associated with delivering power from generator to final customer. This modification to the charges will lead to better cost reflectivity and therefore enhance competition.

b) to result in charges which reflect, as far as reasonably practicable, the costs incurred by transmission licensees in their transmission businesses

The location of generation near to demand loads reduces the costs to NGET of managing and reinforcing their network. The TNUoS charges should reflect this by charging those who are "inefficiently" located from a transmission perspective. For those stations in negative zones, the proposed change in TNUoS calculations would increase the incentive to generate a times of high demand.

c) in so far as is consistent with a) and b) above, as far as reasonably practicable, they properly take account of the developments in transmission licensees' transmission businesses.

By altering the charges at this stage NGET is correctly taking account of the development not just of its network, but of the market as a whole. The connection of new plant will alter the way NGET's network operates and this is therefore a change consistent with their licence. While these plants are not connected it is in

the interests of efficient operation of the assets to adjust the charges to encourage the most efficient plant dispatch, taking account of transmission costs.

If you have any questions in relation to this position please do not hesitate to contact me.

Yours sincerely

Sam Murray
Head of Trading