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Date: 30 September 2004

Dear David,

## **National Grid's Conclusion Report to the Authority – GB Transmission Charging: Final Methodologies**

Under the terms of the Electricity Transmission Licence Standard Conditions 4 and 6, National Grid is required to determine a use of system charging methodology and a connection charging methodology approved by the Authority as soon as practicable after the date on which these conditions came into effect.

In accordance with our licence obligations, as stated above, National Grid has proposed to the Authority a GB connection charging methodology and a preferred GB use of system charging methodology. In order to comply with its licence obligations, National Grid has also proposed an alternative GB use of system charging methodology which we recommend the Authority consider should they be unable to approve the preferred methodology. National Grid considers that its approach to submit a preferred and alternative GB use of system methodology is consistent with the requirement that it has in place a use of system charging methodology as soon as practicable after designation of its Electricity Transmission Licence.

National Grid has proposed that the GB charging methodologies be implemented on 1 April 2005. The implementation timescale and requisite activities to achieve such an implementation date are detailed within Section 10 of the "Conclusion Report to the Authority: GB Transmission Charging Final Methodologies" which is submitted to the Authority under cover of this note. As part of this report to the Authority, National Grid has also included earlier documentation relating to the development of the GB charging methodology proposals through the Initial Thoughts consultation and Initial Methodologies consultation along with submissions received in response to those consultations. Paper copies of the full submission will be forwarded to you shortly, and in the meantime these consultation documents, responses and conclusion report are also available electronically on the National Grid website and can be found under the following link:

[www.nationalgridinfo.co.uk/betta/gb\\_consultations.html](http://www.nationalgridinfo.co.uk/betta/gb_consultations.html).

In addition, the transmission licence requires that National Grid publish charging methodology statements for connection and use of system charging. In the case of the use of system charging methodology, National Grid has prepared a statement for its preferred methodology and a statement for the alternative methodology.

These statements are submitted to the Authority for review but at this stage we do not ask for the approval of these statements by the Authority. National Grid has also circulated these charging methodology statements for industry review and requested any comment be submitted to it by Friday 29 October 2004. National Grid will consider what, if any, changes are required to these charging methodology statements following industry review and before requesting approval by the Authority of these statements in conjunction with a decision on the proposed charging methodologies.

If you have any questions relating to any of the above, please do not hesitate to contact me 01926 656213.

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Yours sincerely,



Stuart Easterbrook  
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c.c. Andrew Walker, Director Transmission Networks Regulation