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Date: 28 January 2005

Dear David,

## **National Grid's Conclusion Report to the Authority – GB Transmission Charging: Use of System Charging Methodology Revised Proposals**

Under the terms of the Electricity Transmission Licence Standard Condition 4, National Grid is required to determine a GB Use of System Charging Methodology and have such methodology approved by the Authority as soon as practicable after the date on which this condition came into effect.

On 30 September 2004 I sent you our conclusion report on the GB transmission charging final methodology proposals in respect of GB use of system and GB connection charging. The Authority was unable to approve our proposed GB Use of System Charging Methodology for reasons set out within your decision document published on 10 December 2004. In light of this, National Grid prepared a revised GB Use of System Charging Methodology proposal and issued this for industry consultation on 20 December 2004, this consultation closed for industry responses on 21 January 2005. Taking due regard of industry responses to this proposed methodology, and in accordance with our above mentioned licence obligation, National Grid now proposes to the Authority a revised GB Use of System Charging Methodology.

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 the "GB Transmission Charging: Use of System Charging Methodology Revised Proposals – Conclusion Report to the Authority" which is submitted to the Authority under cover of this note. National Grid has previously provided copies of prior GB transmission charging consultations, responses to those consultations and a conclusion report to the Authority. These earlier documents and comparable documents relating to this latest revised GB use of system charging methodology may be viewed on our website using the following link:

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

Paper copies of our revised proposals, responses to the associated consultation and a conclusion report to the Authority will be forwarded to you shortly.

The GB Use of System Charging Methodology implementation timetable, as proposed, for a 1 April 2005 effective date will require the Authority to direct a shorter notice of the charges to apply from such date, if implemented, than would otherwise be required in accordance with the Connection and Use of System Code.

In addition, the transmission licence requires that National Grid publish a charging methodology statement for use of system charging. A revised statement will be made available to the Authority during February and prior to it reaching a decision on National Grid's proposed use of system charging proposals.

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

Yours sincerely,



Stuart Easterbrook  
Transmission Charging Development Manager

c.c. Andrew Walker, Director Transmission Networks Regulation