



taking care of the essentials

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Offshore Electricity Transmission Access and Compensation

Dear Sir / Madam,

Centrica welcomes the opportunity to comment on National Grid's proposals for Offshore Electricity Transmission Access and Compensation, as outlined at the industry workshop on 3rd December 2007.

Access

- (i) *Do you agree that the principles applied to customer request design variations (as represented in the current arrangements or in the CUSC amendment CAP149) should extend to offshore connections which, whilst compliant with the offshore standards in the SQSS, do not have the same levels of circuit redundancy as compliant onshore connections?*

Centrica agrees with National Grid's thinking that if an offshore user's connection meets the minimum capacity and redundancy requirements which apply onshore, they should have the same rights as an onshore equivalent. In relation to connections which do not have comparable levels of circuit redundancy as compliant onshore connections, but meet the minimum offshore standards, Centrica believes that the application of the principles proposed in CAP149 is appropriate. Centrica makes this recommendation on the proviso that there is enhanced transparency and clarity on the limitations and allowed interruptions.

- (ii) *Currently, if a restricted capacity had to be shared between parties, entitlements would be set by pro-rating the different parties' capacities. Are more sophisticated arrangements required at this stage for offshore networks or is sufficient flexibility delivered through pro-rating and short term access products?*

Centrica is happy that pro-rating on a capacity basis is a fair means of allocating shareable access rights offshore.

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Compensation

- (i) *Should Offshore Transmission users be compensated for a loss of access due to a problem on the onshore component of the transmission system on the same basis as onshore users?*

Centrica believes that it is appropriate for offshore generators to receive compensation when access restrictions result from issues on the onshore network. The asset cost savings resulting from less secure connection designs are adequately reflected in the decision not to compensate GBSQSS-compliant offshore users when access is denied via offshore transmission infrastructure, hence, the compensation arrangements for onshore restriction events must be maintained.

- (ii) *Do you agree that the most appropriate source for compensation to offshore users in the event of an offshore access restriction is the Offshore Transmission Owner under and OFTO Incentive framework?*

Centrica believes that, following National Grid's workshop on 3rd December, CAP048 payments should be re-visited as the most appropriate form of compensation payment for offshore generators in the event of an offshore access restriction. This methodology will utilise an existing mechanism for compensation payments and will maintain consistency with the onshore arrangements.

- (iii) *Should 'CAP048' style compensation payments only be available to offshore users who have a connection standard equivalent to the minimum standard specified in the SQSS for onshore users?*

Centrica feels that there should be a sliding scale whereby the generator is compensated in accordance with the level of security that they have installed. The proposed charging discount for onshore SQSS design variations will further strengthen this line of thought as displacing the global LSF will mean that generators benefiting from increased redundancy will pay increased charges. In return, generators should receive compensation payments proportional to the increase in redundancy.

The applicability of the charging discount for onshore design variation proposals needs to be viewed in conjunction with the compensation arrangements for both onshore and offshore users. Centrica believes it is important for the regime to encompass a satisfactory level of flexibility, enabling generators to make specific design requests for connection to the transmission system.

- (iv) *Should any 'CAP048' compensation cover the onshore component of charges as well as the offshore component?*

It is Centrica's view that if a generator is prevented from using the onshore transmission system it should be remunerated to the full value of TNUoS (both onshore and offshore). For the period the generator is not able to export they also won't gain ROCs and the full TNUoS compensation will be required to offset as much as possible the loss of revenue. A rebate to a lesser extent could challenge the economic viability of offshore wind projects.

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If you have any questions or comments relating to this response, please contact me on the number above or at laura.jeffs@centrica.com

Yours sincerely,

Laura Jeffs
Commercial Manager

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