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Dear Robert,

### **Fulfilment of National Grid's GB Charging Condition 6**

When approving National Grid's GB Connection Charging Methodology in February 2005, the Authority attached a single condition related to future actions by National Grid, which in the view of the Authority, might reasonably be expected to promote further the attainment of the relevant objectives for the connection charging methodology contained in National Grid's Transmission Licence.

Charging Condition 6 required National Grid to invite views and consult on methods of calculating charges relating to the maintenance of connection assets with a view to furthering the relevant objectives to charge cost reflectively and to facilitate competition in connection work, and to potentially bring forward changes to the Connection Charging Methodology such that they can be implemented by 1 April 2007.

Following an extensive period of consultation with users, National Grid believes that changes to the Connection Charging Methodology cannot presently be justified. As discussed with the industry, we have prepared a report to the Authority (see attachment) that details the reasons for this, the process that has been followed, and the views of the industry and National Grid.

The industry consensus on the existing charging arrangements for Site Specific Maintenance was sought. Based on the feedback received, National Grid concluded that it would be inefficient for the Transmission Licensees to invest in the charging systems needed to capture costs at an asset level at this point in time. The prevailing view from users is that the existing arrangements are proportionate to both the costs recovered and the arrangements for contestability. In addition, through a questionnaire response a view was expressed that increasing information provision for Site Specific Maintenance works would better enable the judgement of charge cost reflectivity. National Grid believes that existing arrangements for information provision on connection asset maintenance are appropriate and efficient.

While we do not propose a change to the methodology at this stage, National Grid intends to fully participate in the on-going Ofgem Review of Competition in Electricity Connections, and if the conclusions result in a need to update the Connection Charging arrangements, will apply any such enhancements as required by our enduring Licence conditions.

We believe that the requirements of Charging Condition 6 have now been carried out and we seek confirmation from the Authority that this is the case.

Please do not hesitate to contact me, or Tom Ireland on 01926 656152, if you have any queries.  
I look forward to hearing from you shortly.

Yours sincerely,

[By Email]

Hêdd Roberts  
Electricity Charging and Access Development Manager

cc Colin Sausman  
Grant McEachran  
Michael Dodd

enc Charging Condition 6 Report