

Ireland, Tom

From: david.m.ward@magnoxnorthsites.com
Sent: 03 March 2008 14:07
To: Ireland, Tom
Cc: kathryn.wall@magnoxsouthsites.com
Subject: Re: Pre-consultation document GBECM-11

Thomas

Pre-consultation document GBECM-11
Charging Arrangements for Generator Local Assets

Thank you for emailing me a copy of the above pre-consultation document. I am responding on behalf of Magnox Electric Ltd, which operates the Magnox power station sites on behalf of the Nuclear Decommissioning Authority. Two of our sites (Oldbury and Wylfa) are still generating, and five of our sites which have ceased generation are still connected to the transmission system, as directly connected demand (four in England & Wales and one in Scotland.) The others are embedded demand sites.

I rang and spoke to Hedd Roberts about this. This email confirms what I said to him

I understand the issue that since the "plugs" modification to the charging principles, there is no commercial incentive on new generators to seek a generation connection that is less than the standard arrangement, even though a lesser generation connection may be more appropriate. This arises because in most cases there are now few assets classed as "Connection".

Hence, to provide a commercial incentive, there needs to be something like a refund of part of the use-of-system charges, in return for the generator taking on the commercial risk/loss from having a reduced connection.

One option mentioned in the pre-consultation document is "Deepening of the infrastructure/ connection asset charging boundary" which is described in section 4.4. This would effectively be a partial return to the charging arrangements that were in force before the "plugs" methodology was introduced. The difference is that before "plugs" the deeper boundary applied equally to both generation and demand, whereas the arrangement proposed in 4.4 applies just to generation. If this option is to be pursued, then it will be necessary to make a clear decision on how to treat sites such as ours which were previously power stations, but are now directly connected demand sites.

If the option in 4.4 is to be introduced, I would expect our closed sites to be treated as demand sites, and not see a deepening of the boundary. If they are not treated in this way, then there is the potential for a significant charge in the annual charges for these sites. Our current plans for the future of these sites have been based on the plugs methodology, and it would be unreasonable to make a significant change to our charges, that may force us to change our plans, so soon after the plugs methodology came into effect. Overall we believe the option described in 4.4 to be a bad one, for all the reasons that the change to the "plugs" methodology was a good one.

Regards

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