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Dear John,

Thank you for the opportunity to respond to National Grid's open letter on the Investment Ahead of TEC guidance document. This response is made on behalf of Uniper UK Ltd.

Uniper is an experienced international energy company focused on power generation, energy trading, transportation, and storage, as well as a provider of specialist power engineering services. In the UK we own seven power stations comprising over 6GW of flexible installed capacity, as well as a fast churn gas storage site. As such Uniper is the fifth largest generator in GB and is making a major contribution to ensuring security of supply and providing a bridge to the energy market of the future.

Our answers to the consultation questions are set out below.

1. Do you agree with the principle that inefficient costs related to early transmission investment, which occurs as a result of a Customer request, should be recovered from the customer who makes the request?

To minimise costs to the consumer it is desirable to strive for efficient investment in the whole system (both transmission and distribution networks), short- and long-term. Before any changes are made to connection agreements, communication between all parties should be encouraged so that where possible the customer and Transmission Owner can work together to avoid changes to timetables. When unavoidable, assessment of the financial impact of changes to investment schedules should also be a two-way evaluation considering the financial impact on each party of alterations to the timetable arising from either customer or TO actions.

In the case of specific customer requests, it is appropriate that costs related to early or delayed transmission investment owing to a customer request should be recovered from that customer, while considering the reason behind any such request. However, any such recovery must be demonstrably cost-reflective.



2. What are your views on the changes we are proposing to the guidance note and methodologies?

Regarding the methodologies we agree that changing, not only delaying, a connection date may lead to additional costs being incurred to facilitate that connection at a date other than that originally planned. The removal of the asset depreciation charge in the event of an extended connection date, or application of that charge on the occasion of a backfeed request, is also logical.

Generally the revised guidance note text improves clarity compared to the 2015 version, with further explanation of acronyms and splitting of some sections, e.g. the previous paragraph 3.2.9 into 3.2.7 and 3.2.8 in version 2.

The changes to the second bullet under section 2.2 make it quite clear that it is not only in the event of a delay but any change to a customer's requested connection date that might lead to them incurring an 'other charge' per CUSC Section 14.4; the more detailed explanation of this in paragraph 3.1 is an improvement in explaining how such charges will be levied through the Bilateral Connection Agreement.

Renaming the 'Transmission charge' as 'Financing Costs' seems clearer for customers, although the costs/guidance note might be clearer still, if the terms 'Backfeed Financing Costs' and 'Backfeed Incremental Costs' were used too, instead of using the same term and title in 4.2 and 4.3 as paragraphs 3.2. and 3.3.

3. What are your views on the benefits of publishing separate guidance notes for each of the two charges currently outlined in the guidance document?

We have no strong preference; as a fairly short document it is probably simplest to keep it as one note. If separate guidance notes were developed, version control would make it clearer if say there were more frequent changes to one charge/the guidance note for it, than the other. However being short and with the two elements regarding to the same event it may be simpler to keep just the one note; if there were two, each should contain a reference to the other.

4. Are there any further changes you would like to see made to the guidance note?

No.

We hope that you find our response to be of help and we would be happy to discuss any aspect with you further.

Yours sincerely,

Esther Sutton

Uniper UK Limited