



Modification to Transmission Transportation charging Methodology NTS
GCM13: April NTS Exit Capacity Price Changes
Comments from AEP¹

The Association welcomes the opportunity to comment on this consultation document.

The Association does not support the proposal.

The Association appreciates NG's efforts in seeking ways to reduce volatility in charges and agrees that the approach of updating NTS exit charges without updating supply data may have merits. However we are less convinced over the appropriateness of changing the charging methodology to allow for the possibility of April price changes when the recent AQ review has led to this not being necessary in April 09 and may not be in future years. We feel it would be better to bring this forward in the future when the benefits of its use can be more clearly justified, rather than add complexity to the charging methodology and uncertainty regarding April changes in the future.

The Association also considers that there may be other underlying causes of volatility in charges that arise from the methodology rather than fundamental supply / demand changes and we would support further investigation of these. Furthermore, we understand that volatility may be reduced under enduring exit reform if charges are calculated on exit baselines.

January 16, 2009

¹ The Association of Electricity Producers (AEP) represents large, medium and small companies accounting for more than 95 per cent of the UK generating capacity, together with a number of businesses that provide equipment and services to the generating industry. Between them, the members embrace all of the generating technologies used commercially in the UK, from coal, gas and nuclear power, to a wide range of renewable energies.