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Dear Stuart

**NOTIFICATION OF THE INTENTION TO CHANGE THE ELECTRICITY TRANSMISSION NETWORK USE OF SYSTEM (TNUoS) CHARGES FOR 2010/11**

Under the terms of the Electricity Transmission Licence Condition C4 5(a), National Grid is required to give the Authority 150 days notice of any proposal to change the Transmission Network Use of System charges. Without prejudice to any of the ongoing discussions between Ofgem and National Grid on charging related issues, this letter gives notice of our intention to change the following schedules to be published in the Statement of Use of System Charges for the financial year 2010/11.

- Schedule 1: Transmission Network Use of System charges for Generation and Demand (kW) and Energy Consumption (kWh). See Appendix 1.
- Schedule 2: Application Fees for Connection and Use of System. See Appendix 2.
- Schedule 3: Charge-Out Rates for Variable Price Applications. See Appendix 3.

If you have any questions on any of the above or the attached appendices, please do not hesitate to contact me on 01926 655839.

Yours sincerely

Adam Brown  
Charging and Revenue Manager  
UK Transmission – Commercial  
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**Notification of the Intention to Change  
Transmission Network Use of System Charges for 201/11**

**Appendix 1**

The Statement of the Use of System Charging Methodology (Chapter 1) outlines the principles and methodology upon which National Grid recovers allowed revenue via the application of a tariff for Transmission Network Use of System (TNUoS) charges. National Grid intends to amend the TNUoS tariffs with effect from 1<sup>st</sup> April 2010 for the financial year 2010/11.

The factors that affect the level of TNUoS charges from year to year include the forecast level of peak demand on the system, the Price Control formula (including the effect of any under/over recovery from 2009/10), the expansion constant, changes in the transmission network and changes in the pattern of generation capacity and demand.

TNUoS charges may be impacted by:

- modification proposal **GB ECM 18** (Locational BSUoS) for which a conclusions report is being prepared and will be submitted shortly. If not vetoed, it is anticipated that this would be implemented during 2010/11; and
- future modification proposals that may be raised to facilitate the introduction of the offshore transmission regime.

National Grid is also developing charging proposals for island connections and for the provision of frequency response. We do not currently anticipate that these will affect tariffs for 2010/11.

In addition, there is a possibility that the TNUoS tariffs for April 2010 could be affected by the implementation of any further Charging Methodology proposals, BSC or CUSC amendments raised following the submission of this notification, if proposed for implementation before April 2010.

It is our intention to publish the revised Statement of Use of System Charges (containing the TNUoS tariffs) in January 2010 in line with our CUSC obligations. In advance of this, we shall be publishing draft tariffs in December 2009.

**Notification of the Intention to Change  
Transmission Network Use of System Charges for 2009/10**

**Appendix 2**

The Statement of Use of System Charges details the application fees for connection and use of system.

National Grid is reviewing the structure of these fees and will shortly be consulting the industry on proposed changes. National Grid would also anticipate reviewing the rates for variable price applications incorporating updated staff costs, inflation and other costs.

**Notification of the Intention to Change  
Transmission Network Use of System Charges for 2009/10**

**Appendix 3**

The Statement of Use of System Charges details the charge-out rates for engineering charges.

The fees are currently being reviewed incorporating updated staff costs, inflation and appropriate resource categorisation.