



First Hydro Company is part of a joint venture between
International Power plc and Mitsui & Co., Ltd.

First Hydro Company
Bala House
Lakeside Business Village
St David's Park
Deeside
Flintshire
CH5 3XJ

Tel + 44 (0)1244 504 600
Fax + 44 (0)1244 504 613
www.ipplc.com
www.mitsui.co.jp

Mark Holden
Future Electricity Networks Team
Department of Energy and Climate Change
Area C, 4th Floor
3 Whitehall Place
London
SW1A 2HD

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Gridaccess@decc.gsi.gov.uk

Dear Mark,

Improving Grid Access Consultation

Thank you for the opportunity to comment on your Improving Grid Access consultation document. International Power (IPR) is responding on behalf of its power generation subsidiaries in the UK: First Hydro Company, Saltend Cogeneration Company Ltd., Rugeley Power Generation Ltd., Deeside Power Ltd. and Indian Queens Power Ltd.

IPR believes that the proposed connect and manage approach with full socialisation does not provide sufficient incentive to reduce generation during constrained periods. We support the version of connect and manage where a proportion of the constraint costs is targeted on parties behind a constraint that are able to reduce the cost of the constraint.

Notwithstanding our views on the respective models, and noting that DECC has stated its preference for the fully socialised model, we agree that the outlined process for implementation is appropriate. Much of the industries concerns over the stability of the methodology for future years has been addressed by the public service obligation, and the key definition of "Enabling works" is, we believe, effective.

We believe that the provisions that allow self-derogation from the SQSS should be time limited to two years. This will allow time for the fundamental review of the SQSS to take place, and will incorporate a more flexible approach to the trade-off between constraint costs and system build.

The increase in user commitment may lead to generation taking a sub optimal approach to closure decisions but it will provide the System Operator with advance notice of closure

which should facilitate better planning in the short term. On balance we there for support this change.

We hope that you find these comments useful.

Yours sincerely,

Simon Lord,

Transmission Services Manager