

-----Original Message-----

From: John Lowen [mailto:John.Lowen@draxpower.com]

Sent: 31 January 2007 09:46

To: Griffiths, Tim

Subject: ORR Consultation on TRACK ACCESS CHARGE CAPS

Tim,

Drax's comments are as follows:

We note the contents of the review of track access charges that the ORR is undertaking.

We are concerned that there is a presumption on the ESI's "ability to pay" increased track access charges in the future. While profit margins for coal fired generators have recently been good there is no certainty that they will be going forward and it is heavily dependent on future price movements of three volatile commodities - power, coal and carbon.

The transport element of the delivered price of coal to power stations has continued to increase in recent years to reflect the higher cost structure of the FOC's particularly as regards fuel costs. Any increase in track access charges would create further upward pressure on FOC's rail movement charges at a time when the average distance that coal is transported is increasing due to the closure of local deep mines and a corresponding increase in East Coast and Scottish coal movements to power stations.

With the increasing environmental pressure to maintain rail rather than road as the predominant transportation mode for coal movements it is unhelpful for any cost increases which would undermine this balance.

Apologies for being a day late with our response.

Regards

John Lowen

Head of Fuel Procurement

PLEASE NOTE: THE ABOVE MESSAGE WAS RECEIVED FROM THE INTERNET.

On entering the GSI, this email was scanned for viruses by the Government Secure Intranet (GSI) virus scanning service supplied exclusively by Cable & Wireless in partnership with MessageLabs. In case of problems, please call your organisational IT Helpdesk. The MessageLabs Anti Virus Service is the first managed service to achieve the CSIA Claims Tested Mark (CCTM Certificate Number 2006/04/0007), the UK Government quality mark initiative for information security products and services. For more information about this please visit www.cctmark.gov.uk.