



Alex Thomason
Transmission Charging Development Team
National Grid Transco plc.
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Please reply to:
Charter Court
50 Windsor Road
Slough
Berkshire
SL1 2HA

Tel. (01753) 758052
Fax (01753) 758137

10th October 2003

Dear Alex,

National Grid Transco Charging Modifications

British Gas Trading (BGT) welcomes the opportunity to provide comments to NGT on their recently published Charging Modification Proposals.

We are very disappointed that there is a severe lack of detail in NGT's justification for these modifications measured against the relevant objectives. We suggest that the process for raising charging modifications needs to be more formal in this respect (following the example set by code modifications). We believe that NGC should publish a detailed description, detailed justifications and impact assessment as early as possible within the process, this document could then be updated reflecting any minor ongoing changes. This would ensure that all users were aware of the all the implications of any proposals at the very beginning of the process and would also ensure that every modification raised had associated unambiguous detailed justifications published. Furthermore, we fail to see the connection between a ratio of support of 2:1 by respondents and reinforcement of the view that the change better meets the relevant objectives.

We still have major concerns over the implementation of these modifications with regard to the GB wide transmission charging regime. We are concerned that if these changes are implemented, then largely unproven and untested methodologies will be used as the basis of the charging arrangements for GB. In addition to this, the impact both to the Scottish transmission users and their associated impact on the England & Wales parties are unquantified at this time. Although, NGT do have a Licence requirement to keep the charging methodologies under review at all times in line with the relevant objectives, we fail to see how some of these proposed modifications materially better these objectives, as such we cannot offer support for these modifications at this time.

CCM-M-07 Implementation of "PLUGS" methodology and associated changes.

BGT does not support this proposed change to the Connection Charging Methodology.

As we have previously stated, BGT is extremely concerned that the proposed change to the connection boundary will result in no, or very little, locational signals arising from connection charges. This will, we suggest, mean that potential connectees will have little commercial regard to the consequential costs incurred by other users (via TNUoS charges) arising from their specific connection.

Furthermore, we do not support NGT's assertion that this will result in cost reflective charges and better apportionment of costs. We therefore do not agree with NGT's stated justification for this modification. We maintain that this proposal will place greater costs on demand customers (who are currently charged 73% of TNUoS charges), rather than charge specific users for the costs that they directly impose on the system through their connection requirements.

Additionally, we believe that this modification alters the cost base of individual stations. BGT believes that it is vital and appropriate that greater emphasis is placed on the stability of charges to enable industry players to make long term commercial decisions. We suggest that this modification will place embedded generators liable for TNUoS charges in a commercially disadvantaged position to directly connected generators, thus we suggest this modification is in opposition to NGT's Licence Condition C7AS 5(a) that covers the facilitation of effective competition in the generation of electricity. We do not believe that Ofgem should approve this modification until a satisfactory resolution of the embedded generation issue is found.

We can see no positive reason for making such a dramatic change to the connection policy and suggest that it would be more equitable to maintain location signals that would influence to some degree, via the use of existing assets, where potential connectees locate. We suggest that it would be possible to develop simpler, practical rules for shared assets and that this would represent a more efficient way forward than the proposed super shallow policy.

We suggest that it is unfortunate that NGT decided to combine the original multiple connection charge modifications into a single modification. Although, we can see the merit of combining linked modifications, such as the boundary charge and associated land and termination charges, we suggest that unrelated areas should be raised separately. NGT's action will result in either an acceptance or rejection of this modification as a whole by Ofgem. We believe that the proposed change to site specific maintenance charges does have merit, and should this modification be rejected, as we believe it should, then we suggest that this part of the modification should be raised separately.

UoS_{CM}-M-10 - Locational TNUoS tariffs

Again, we would like to express concern over the combining of proposals into a single use of system modification.

Whilst we would support the majority of this Modification Proposal in principle, we have serious concerns, along with the majority of the industry, over the implementation of the locational security factor. We are not convinced on the evidence provided by NGT that there is a strong locational pattern to the provision of assets for security reasons. As such, we do not support NGT's proposal to charge for them on a locational basis. It also appears directly contrary to the "national" approach proposed for connection assets and appears designed to introduce a stronger locational element that the super shallow connection policy eliminates.

We would support the move from the current ICRP model to a DCLF model and the introduction of forward looking expansion constants and would welcome an alternative modification containing only these two proposals.

UoSCM-M-11 - Introduction of Year Round TNUoS charges

We support the introduction of this modification. We strongly believe that as a use of system tariff, the costs associated with non-peak related conditions should be charged out on a flat basis to all system users as proposed in this modification.

However, we suggest that the tariff should be introduced on a 24 hour basis, rather than the 12 hour (07:00-19:00) basis proposed. We suggest that all users should be charged the appropriate flat rate at all times when they use the transmission system, in short this charge should be a standard commodity charge, this will ensure the charge is made on an equitable basis. We believe that this will also have a positive impact on the potential administrative and associated system costs incurred by users.

I hope these comments have been of use and please contact me if you require any further clarification.

Yours sincerely,

Sarah Owen
Commercial Manager
British Gas Trading