



**BOC GASES RESPONSE TO NATIONAL GRID MODIFICATION
PROPOSAL TO THE USE OF SYSTEM CHARGING METHODOLOGY,
UoSCM-M-10, PROPOSAL TO AMEND THE METHODOLOGY FOR THE
CALCULATION OF LOCATIONAL TNoUS TARIFFS**

1. Introduction and general remarks

BOC has owned and operated industrial gas producing plants in England and Wales for many years and presently operates six very large complexes with an annual consumption approaching 2TWh making BOC amongst the very largest industrial electricity customers in Britain.

The production of industrial gases by air separation is a very energy intensive and the electricity required to drive the process can be considered our raw material. The level of electricity prices is thus of the utmost concern to BOC and its customers many of whom such as those in the steel and chemical industries are battling to survive in tough global markets. Therefore access to internationally competitive electricity prices are vital.

2. Specific Comments

BOC does not wish to comment on the more technical aspects of the DCLF model when compared with the ICRP model.

BOC is generally in favour of cost reflective pricing, however the effect of this modification appears to be to increase charges both with and without the plugs modification (CCM-M07). As should be clear from section 1 above this would not be in line with BOC's and its customers' interests. So if these increases are an inevitable consequence of this modification it doesn't have BOC's support.

Hugh Mortimer, 6 October 2003