

BOC GASES RESPONSE TO NGC CONSULTATION ON GB TRANSMISSION CHARGING: INITIAL THOUGHTS

BOC is a large electricity customer using nearly 2TerraWatt hours of electricity in a highly energy intensive process. BOC is therefore very concerned to see that monopoly wires services are provided at the lowest possible cost consistent with a good quality and reliable service provision. This is particularly important at a time when electricity prices have re-bounded to pre NETA levels and beyond.

BOC has reviewed the NGC documents dated 16 December 2003 and 27 January 2004 and 20 August 2004. BOC welcomes the opportunity to contribute to the consultation.

BOC's comments are as follows:-

1. BOC has no difficulty in accepting the broad concept of using the present England and Wales charging principles provided this is done in a sensible and pragmatic manner.
2. BOC has great concern about the indicative TNUoS prices which have been produced using the scenarios
3. First, generator prices in Scotland seem very high and as BETTA is meant to encourage competition across the whole of Britain this seems to be giving the wrong message to Scottish generators.
4. Secondly, the HH demand charges also appear to be much higher than the recently published NGC 2004/5 charges. According to BOC's calculation comparing Scottish Power 2003/04 and NGC 2004/5 with GB base BOC charges would go up by double figures.
5. BOC believes that if some part of these increases are due to a shift in the share of charging between generation and demand then this is not in the customers' interest. BOC would see increased demand charges for certain and does not believe that lower wholesale prices would result from lower generation TNOUS charges.
6. If charges such as these were imposed coming on top of the almost doubling of TUNoS demand charges due to the implementation of the PLUGS modification further increases would be most unwelcome.
7. BOC accepts that PLUGS should result in lower DUOS charges though it is yet to be seen if these will be equal to the TNUoS increases.
8. BOC is uncertain how such charges would fit with NGC's maximum allowed income.

9. The confidential attachment shows just how the increases in BOC TNOUS charges have increased between 2003/2004 and 2004/2005 though somewhat offset by reduced DUOS charges and the staggering increase in charges should scenario A or even worse scenario B be implemented.
10. BOC urges NGC to think again about it's charging levels. BETTA is supposed to be for the benefit of customers and higher TNOUS prices on top of increasing electricity energy costs and energy taxation levels will not help BOC's customers' competitiveness.

Hugh Mortimer, Commercial Manager – Utilities
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