



Alex Thomason
Commercial
National Grid Company plc
NGT House
Warwick Technology Park
Gallows Hill
Warwick
CV34 6DA

Russell Reading
Products and Services Manager
Gaz de France Energy Supply Solutions
1a Tower Square
33 Wellington Street
Leeds
LS1 4HZ

Tel: 0113 209 5708
Fax: 0113 209 5660

Email: Russell.reading@gazdefranceenergy.co.uk

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Gaz de France Energy Supply Solutions – Response to UoSCM-M-10.

Dear Alex

Thank you for the opportunity to respond to the consultation on National Grid Transco's Charging Methodologies. I have a number of points Gaz de France Energy Supply Solutions would like to raise.

The key parts of this modification proposal are calculation of Nodal Marginal Costs using a simplified DCLF model, calculation of a Forward Looking Expansion Constant and calculation of a Security Factor. NGT state these changes are to improve the reflectivity of the costs incurred by National Grid in providing transmission capacity.

Comments in Relation to NGT licence conditions

From the information provided by National Grid on the results of the Demand TNUoS tariffs based on the proposed methodology, Gaz de France Energy Supply Solutions has a grave concern that locational signals in transmission could be distorted between the north and south of England. Broadly it seems that there is an increase in demand charges in the north, and a decrease in the south. This seems at odds with the previous position of encouraging demand management in the south at times of system stress. Additionally the potential increase in TNUoS rates for demand in the north would seem at odds with licence condition C7C in that these demand users, (who are closer to the bulk of generation), would suddenly start to pay higher charges. Is this really justified?

In addition there is no clear evidence of how these changes would better meet some of National Grid's licence conditions. If the overall value of assets and hence amount of TNUoS recovery remains constant, how does a different zonal apportionment of this better reflect NGT's costs in running the system as a whole? There is also no clear evidence that this will in any way stimulate competition in any area.

Clearly depending on where a user is located, there will be some winners and some losers under this change. Gaz de France Energy Supply Solutions notes that some users do believe that DC load flow better reflects costs as it models power flows but does not support the change at this time.

If you require any further information or clarification on the above, please feel free to contact me.

Yours sincerely

Russell Reading
Products and Services Manager