

FINAL



Eddie Blackburn
Regulatory Frameworks
National Grid
National Grid House
Gallows Hill
Warwick
CV34 6DA

Centrica Energy

Millstream East
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Tel. (01753) 431000

Our Ref.
Your Ref.
20 November 2007

Dear Eddie,

RE- NTS GCM 10 and GCM 11: TO Entry Commodity Rebate Mechanism and Retrospective Negative TO Entry Commodity Charge

Thank you for the opportunity to comment on the proposed modifications to the Gas Transmission Transportation Charging Methodology. British Gas Trading believes that the current methodology does need to be modified in order to ensure that in the relevant circumstances more excess revenue is returned to holders of NTS Entry Capacity than would currently occur. BGT believes that excess revenue from NTS capacity auctions should as far as possible be 'ring-fenced' to NTS Entry charges.

BGT does not, however, believe that the proposed modifications will provide a better mechanism than the prevailing methodology. Firstly both modifications have failed to take into account entry capacity for gas which enters the system but uses the NTS Optional Commodity Charge rather than TO and SO commodity charges and secondly payment of interest should occur in relation to money which has been held by National Grid. In addition GCM 10 has failed to recognise that the over-recovery has resulted from auctions relating to the whole formula year and not only the months for which a TO commodity charge has been applied. BGT therefore does not support implementation of either GCM 10 or GCM 11 but suggests that further development of the methodology is required in order to apply a rebate to all gas which enters the NTS during the whole formula year.

Please do not hesitate to contact me if you would like to discuss this response or require further information.

Yours sincerely,

Clive Woodland
Planning & Analysis Manager

Page 1

A **centrica** business

British Gas Trading Limited Registered in England No.3078711. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD
www.gas.co.uk