

Colin Williams  
Regulatory Frameworks (B3)  
Transmission Network Services  
National Grid  
National Grid House  
Gallows Hill  
Warwick  
CV34 6DA

15 November 2012

Dear Colin,

**RE – NTS GCD10 – Potential one-off change to NTS (TO) Exit (Flat) Capacity charges for April 2013**

Thanks for the opportunity to provide views on the subject matter discussed in the above-referenced document. I am therefore pleased to provide comments on behalf of British Gas Trading Limited below.

In summary:

- We do not support a one-off change to charges next April since it is not possible to assess the business impact of such a change;
- We support a permanent, enduring change such that future charges are set from 1 April, commencing from 1 April 2014; and
- We request a further opportunity to consider a one-off change in April 2013, once Ofgem's final decision on allowed revenues is known, via a quick follow-up consultation in January.

In response to your specific questions:

***Do you support the use of a one-off April charge change effective from April 2013?***

We support the principle of reducing charge volatility. However, we believe that an enduring solution is required and that this should be pursued as soon as possible by seeking to set charges from April and not October (as is currently the case). This would also align well with the timing for the setting of charges by Distribution Network Owners, RIIO price controls and possibly the introduction of a new electricity charging regime.

We do not support a one-off change next April since it is impossible to assess the impact on different parts of our business. However, we urge National Grid to swiftly follow up this discussion document with a further discussion/ consultation when they are in a position to calculate actual charges derived

from Ofgem's final decision on allowed revenues. This would allow for a proper assessment of business impact.

***Do you agree that a one-off April 2013 charge change should only be used if the outcome of the RIIO-T1 price control presents a significant step change in allowed revenues?***

It rather depends on what is meant by "significant step change". Notwithstanding this, we believe that Users require access to actual charges to assess the implications of any change to charges next April. Without the provision of this information, a one-off change should not be permitted.

***Would a one-off April change have an adverse impact on any of your business processes?***

Yes, it might have an adverse effect on financial planning and forecasting both in the short term and over the medium to longer term. As stated above, we cannot assess this without the provision of actual, or more meaningful, charging data, reflecting Ofgem's final decision on allowed revenues.

***Are there any other items in relation to the use of a one-off change that you believe to be relevant that should be taken into account or warrant further consideration?***

We believe National Grid should also consider how the proposed one-off change may impact on the plans for how Distribution Network Owners (DNOs) will recover NTS exit capacity costs from their Users. Ideally, there should be close alignment between National Grid Gas (NTS) and the DNOs such that the DNOs can utilise timely and accurate exit capacity charge data and not be required to make their own forecasts of future charges should there be a misalignment between charge setting periods. It may be that such a consideration is more important should a permanent change be introduced at a later date but the issue needs to be captured and acknowledged in future papers or discussion on this subject.

Yours sincerely,

Graham Jack  
Commercial Manager