

From: Stephen.Macey@corusgroup.com
Sent: 21 January 2005 16:28
To: Lavender, Richard
Cc: david.halldearn@ofgem.gov.uk; andrew.walker@ofgem.gov.uk
Subject: GB Use of System Methodology - Revised Proposals

Dear Richard,
I refer to the above consultation.

Corus responded to your earlier consultation on this issue and to Ofgem's RIA, so I will not repeat here our concerns with your earlier proposals. Clearly your latest proposals are "less bad" than before but nevertheless still result in considerable increases, ranging from 11.4% in London to 47.7% in Northern zone, for demand in E&W. Our assessment (by applying an average increase of £2.48 per kW to last winter's average triad demand of 52.4 GW) is that E&W end-users will see their bills rise by around £130 million pa in the name of Betta. On the other hand, the lowering of demand in the two Scottish zones we estimate will save Scottish consumers about £30 million pa., a difference of £100 million. Given that NGC's latest proposal maintains the current G/D split, we are at a loss to understand why E&W demand charges should be going up by so much. It is therefore our contention that NGC's latest proposals remain a disproportionate response to the problem. A new set of lower charges for E&W be produced as a matter of urgency. If NGC is unable or unwilling to do this, then we would recommend Ofgem reject the latest proposals.
Regards, Steve.