



*taking care of the essentials*

Richard Lavender  
Senior Commercial Analyst  
National Grid Company plc  
NGT House  
Warwick Technology Park  
Gallows Hill  
Warwick  
CV34 6DA

**Energy**

Centrica plc  
2nd Floor Millstream East  
Maidenhead road  
Windsor  
Berkshire SL4 5GD  
Tel. (01753) 431052  
Fax (01753) 431150  
[www.centrica.com](http://www.centrica.com)

Our Ref.  
Your Ref.  
21st January 2005

Dear Richard,

**GB Transmission Charging : Use of System Charging Methodology Revised Proposals Consultations**

Centrica welcomes the opportunity to provide comments to National Grid's consultation on the revised proposals for the Use of System charging methodology.

We are very pleased that NGC have taken what we consider to be the sensible solution for negative demand charges, we fully support the zero minimum demand charge and the subsequent uniform reduction of demand charges across the rest of the zones. We also fully support NGC's assertion that this will not only have a negligible effect on the rest of the community but that it is also a proportion response to negative demand charges.

We suggest that further work will need to be undertaken regarding the generation/demand split to ascertain whether in the medium to long term, a change in the G/D split will have a zero net effect on customers as we currently do not believe this is correct. We suggest that other factors may prevent this from occurring such as the pricing impact of distribution connected generators and locational tariffs. Therefore, we suggest that any change to the G/D split is more likely to benefit directly connected generators rather than flow through to demand customers.

Following the additional information provided by NGC in this area, we support the introduction of TO specific expansion factors. We believe that as there are locational differences between both the planned uprating of circuits and the ability of lower voltage circuits to be uprated without new build, this is again a sensible approach. This, we believe, ensures that tariffs more accurately reflect the likely development costs within each TO area.

We note that there appears to be a group of dissenters objecting to the relatively high generation charges in Scotland. We support the cost reflective basis of the proposed

**A *centrica* business**

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy  
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD

charges and concur with published information that states that the cost to generators in these areas will be similar to the costs currently charged.

Please contact me if you have any queries regarding these comments.

Yours sincerely,

Sarah Owen  
Commercial Manager  
Centrica Energy

**A *centrica* business**

Centrica plc - The group includes British Gas Trading, British Gas Services and Accord Energy  
Registered in England No.3033654. Registered Office: Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD