

BOC GASES (BOC) RESPONSE TO ELECTRICITY DISTRIBUTION PRICE CONTROL REVIEW, SECOND CONSULTATION 171/03, DECEMBER 2003

1 GENERAL REMARKS

BOC is a large electricity customer using nearly 2TerraWatt hours of electricity in a highly energy intensive process. BOC is therefore very concerned to see that monopoly services are provided at the lowest possible cost consistent with a good quality and reliable service provision.

BOC welcomes the opportunity to contribute to the consultation.

BOC is glad to see the through approach that Ofgem is taking to this review.

BOC looks forward to understanding Ofgem's further thinking and proposals as they develop.

2 SPECIFIC RESPONSES PER CHAPTER NOTATION

3.38 EHV CHARGES

BOC continues to believe that EHV charges should cease to be treated as excluded revenue and be regulated by Ofgem.

BOC welcomes the news that the determination process has been stream-lined, however BOC believes that the process is still burdensome and time-consuming. Disputes between EHV customers and DNO should they arise are likely to be complex and thus may take longer than 16 weeks.

3.37 Rolling opex adjustment

BOC feels that Ofgem should establish some value for money tests for any exceptional/atypical items to ensure customers are not over charged .

3.38-3.82 Capex increases

BOC shares Ofgem's concern that the DNO's could under-spend their allowances without delivering outputs that customers' value. BOC notes the reported present level of under-spend. BOC supports the approach outlined in paragraphs 3.81 and 3.82.

4.6 and 4.15 business consumers

BOC agrees that the balance of protection is biased away from business consumers.

BOC believes that business customers with a demand of 1 MW should be compensated for loss of production caused by power outages and voltage disturbances not caused by abnormally severe weather conditions.

5 Distributed generation

BOC has a general concern that customers' bills will increase dramatically due to the actual, planned or perceived need to connect distributed generation. BOC believes Ofgem as the customers' guardian should bear its primary duty to protect the consumers' interests very much in mind in this area.

5.17 BOC does not support a higher pass through rate.

5.34 BOC is especially concerning the operation of incentives for "strategic investment". These should not be used a way of unjustly increasing the DNO's regulatory asset value for which customers will have to pay.

5.34 BOC agrees that comparable arrangements should be considered for this arrangement.

Hugh Mortimer, 8 February 2004