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29 September 2010

Dear Sirs

**Response to Distribution Networks Pricing Consultation Paper DNPC08 –  
Review of Standard LDZ System Charges**

I am writing on behalf of GTC, GTC Pipelines Limited (GPL) and Utility Grid Installations (UGI) in response to the above consultation.

GTC, GPL and UGI are all licensed independent gas transporters.

Responses to the specific questions raised in the consultation are below:

**Q1 - Should we move to a charging structure which reflects individual network costs?**

Yes, we support the move to individual network costs as this will result in more cost reflective charging.

**Q2 - Do you agree that, based on the analysis shown, transportation charges to CSEPs and to directly connected loads should use the same charging functions?**

GTC is broadly supportive of this but believes further work is needed to justify the charges suggested for medium sized networks in the West Midlands and London GDNs where GTC margins will be squeezed. This is not consistent with elsewhere in the country and it is not clear why.

**Q3 – Which of the three options set out (Parameter Update, Best Fit or Common Option) would you prefer to be implemented and why?**

GTC has reviewed the three Options outlined in the Consultation and **can only support implementation of the Parameter Update Option.**

Significant system changes would be required to adopt the Best Fit and Common Options that will force costs onto GTC that would not be recoverable through RPC charging arrangements.

**Q4 – Is there any reason why the proposals should not be implemented from 1<sup>st</sup> April 2012?**

GTC would be content with an implementation date of 1<sup>st</sup> April 2012 **but only on the basis that the Parameter Update Option is deployed.**

GTC could not commit to an implementation date of April 2012 should the Best Fit or Common Options be progressed. Significant systems development will be required to implement these options at a time when the most radical overhaul in industry systems will be required to support Smart Metering implementation.

If you have any queries or require further information please do not hesitate to contact me.

Yours sincerely

Paul Edwards  
**Customer Services Manager**  
**GTC**

cc Ofgem