



Tim Davis
Joint Office of Gas Transporters
31 Homer Road
Solihull
West Midlands
B91 3LT

4 November 2008

Dear Tim

Re: DNPC04: DN Specific Charge split setting

Thank you for the opportunity to comment on the above proposals relating to the proposal to change the apportionment of customer charges. Corona Energy (CE) believes this change would have a significant impact on the current levels of charges for all customers, with large increases in costs for I&C customers.

CE understands that the Distribution Network Operators (DNOs) have raised these changes as they believe this will improve comply with their Licence Objectives to have cost reflective charges. Cost reflective charging is required where possible as it is a driver for effective competition.

Concerns have been raised by a number of I&C Shippers, IGTs and end user groups that too little time has been allowed for development and debate on the changes and the impact they will have on various end user groups and categories. IGTs in particular have expressed concerned at the lack of time that has been given for debate on these changes. As the general uplift in LDZ customer charges will have a negative impact on IGT revenue, they feel that that this should have been taken into account.

Unfortunately the DNOs have not provided information showing the impact of the changes on the proposed April 2009 prices with and without the DNPC04 proposed changes. This makes it somewhat difficult to assess the likely impact on the Shippers/Supplier pricing positions.

DNOs have also confirmed that they will be releasing a consultation on the structure of customer charges and it would appear that it may be an option for this change to be considered in line with the changes currently proposed. CE welcome a consultation on the structure of customer charges as there has long been a concern that as many charges depend on the AQ, larger I&C sites pay a disproportionate level of charges for fixed costs services. For example it seems unreasonable to



assume that an emergency call out for a large I&C site is hundreds of times more expensive than for a domestic site.

Given the timescales would be challenging to meet the proposed 1 April 2009 date, allowing little time for challenge or debate, it would appear sensible to consider the proposed implementation of the new charges in 1 April 2010.

I trust these comments are helpful. If you have any queries regarding this response please contact me on 0208 632 8169.

Yours,

Richard Street*
Regulatory Affairs Manager
Corona Energy

*please note as this letter has been delivered electronically a signature will not be attached