

02 July 2008

Ref: Consultation Paper – “Transmission Use of System Charging – Tariff Methodology, AIP-SEM-08-067”

Bord Gáis Strategic Investments welcomes the opportunity to respond to consultation paper 'AIP/SEM/08/067 – 'Transmission Use of System Charging – Tariff Methodology' and would like to make the following comments:

Proposed Year 1 Cap

We agree with the principal of a cap to be applied for the newly proposed tariffs. Significant year on year volatility of TUoS charges increases regulatory uncertainty.

Ongoing Cap

As this is the first set of data using the new methodology it is not yet clear whether there will be a need for a cap on changes each year going forward. It may be the case that the significant changes produced in this consultation are purely as a result of the new methodology being applied. Once the new methodology has been agreed and put in place, it may be the case that year on year volatility is low. However if this is not the case, we would support the continued use of a cap, though a percentage cap may be more appropriate than a defined amount.

New entrants

It is also important that new entrants are not discriminated against by the use of such a cap. The concern here would be that a new entrant's tariff would be calculated wholly based on the new methodology while existing plant would benefit from a cap linked to historic tariffs. The final methodology chosen should make allowance for the equal treatment of new entrants.

Please feel free contact me should you have any queries or wish to discuss the above.

Regards,

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