

BOC PROCESS GAS SOLUTIONS (BOC) REPRESENTATIONS ON TRANSCO NETWORK CODE MODIFICATION PROPOSAL No. 0727

"3rd Party Proposal : Publication of Near Real Time Data at UK sub-terminals"

General Comments:

BOC owns and operates a number of air separation plants in Great Britain and this highly energy intensive process is driven by electric power.

BOC is one of the largest industrial users of electricity using about 2 terrawatthours per year. BOC has seen electricity wholesale prices rise dramatically, doubling in the last two years.

Over recent months the upward movement in electricity prices has been closely associated with the rising in natural gas prices. The movements in gas prices can be seen to be reflected in power prices.

BOC is of itself a buyer of natural gas and has been and is directly effected by the rise in the gas price. However, it is the knock on effect on electricity prices which has the greater impact on BOC's costs and those of BOC's customers.

BOC has concerns that the forward market in wholesale gas may not be operating as efficiently as possible and believes that a more transparent market is likely to be a more efficient market.

BOC therefore supports the implementation of modification 0727.

More specific comments:

1. BOC believes in fair and efficient markets and it seems to be a prerequisite to a fair and efficient gas market that all players are able to have equal access to the same information at the same time.
2. Further, it seems to BOC that the publishing of the information, as set out in the modification, under the network code would allow Transco to better discharge its relevant licence objectives.
3. BOC welcomes the progress made to date on a voluntary basis under DTI initiative, however it seems to BOC that progress has been rather slow and it appears there may be difficulties with data quality and legal ownership of information.
4. BOC therefore believes that a more straightforward set of obligations under the network code should allow these difficulties to be overcome provided that all the "powers that be" gave any necessary support.
5. BOC feels that Transco's suggestion (DMR paragraph 4a) that should Ofgem direct the modification then upstream parties might decide to withhold

information is sinister and surely not consistent with an efficient and competitive market.

6. BOC believes that the provision of such information could strengthen the demand side response reducing Transco's balancing costs and improving the competitiveness of the market and increasing the security of supply.

Hugh Mortimer, Commercial Manager – Utilities

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