

## **NGC SO Incentive Schemes from April 2003 - Initial Proposals**

You will already have received correspondence from a number EIUG members in response to Phase I of this consultation. Ofgem's proposals were debated at a meeting of EIUG on 15 January, at which it was unanimously decided that we should write to register our concern

EIUG opposes the proposal that NGC be obliged to make reasonable endeavours to introduce a regime of firm, tradable access rights by October 2003. Regardless of the case for change, we doubt that the proposed timetable is realistic, and note that this concern is shared by many other stakeholders involved in the CUSC process.

EIUG is sceptical that the benefits which might arise from tradable exit rights will outweigh the cost and complexity that will result. This criticism, as you will be aware, has been levied at many other aspects of Ofgem's proposals for transmission reform, many of which seem to carry little support within the industry or its customers.

We see no benefit to customers in locking NGC into so tight a timetable for change - rather, there would be considerable risks. Account must be taken of customers' need to be aware of any future changes in advance of supply contract negotiations. We therefore believe that it would be preferable to implement a scheme covering 12 months from April 2003, not 6 months as proposed.