

Department of Energy and Climate Change
Area 4C
3 Whitehall Place
London SW1A 2HD

BOC Operations Centre
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Brinsworth
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FAO: [REDACTED]

Dear Sirs,

Ref: URN 10D818 - Provision of 3rd party access to licence-exempt electricity and gas networks

Thank you for opening this issue up for public consultation. BOC is a significant gas and electricity user in the course of its manufacturing processes, and has some direct experience of local grids. Furthermore, through its sister companies elsewhere in the Linde Group has been active in promoting the reforms of the European energy market of which the Third Energy Package is an important part.

BOC supports DECC's proposals in the above consultation, which it sees as being proportionate and appropriate. Firstly because the proposed solution fairly directs the cost of change to acquire the 3rd party access to the consumer who wants it, secondly because it implicitly recognises that the threat of such action will tend to dissuade the owners of local industrial grids from attempting to manipulate prices (and may therefore never need to be implemented) and thirdly because it avoids creating a substantial additional bureaucracy to support a complex mini-DNO.

Experience on the last point suggests that an all-encompassing mandatory option, driven down to the smallest of local private grids would have added much cost and complexity for very little value, and further inflated the costs of doing business in the UK compared with our international competitors.

The consultation also asked the following detailed questions:

Do you have any views or concerns on how Government intends to apply third party access requirements to licence exempt distribution networks?

Do you have any views or concerns on how Government intends to apply these Third Package requirements to licence exempt undertakings ?

BOC's concerns would lie in five areas:

1. How the metering systems would interface with the existing settlement system.
2. That a "one size fits all" solution is unlikely to suit the whole range of private grids from huge industrial complexes down to caravan parks – flexibility and pragmatism are key

3. That the grid owner (who may have acquired these resources as a result of the dismemberment of a large historic company) incurs no penalty for having users demand a change to the supply arrangements.
4. Timescale to implement a change – three weeks can only be after the end of any existing contract arrangement, and may be insufficient to procure, safely install, calibrate, de-bug and commission new metering systems.
5. That the regulatory bureaucracy for such systems must be designed to be “light touch” rather than proscriptive.

Please feel free to contact the undersigned if you have any questions on this submission.

With kind regards

Yours faithfully



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