

## Appendix B – Response Form

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### How do the proposed CPs better facilitate the DCUSA Objectives?

Change Proposal	Better Facilitates (Yes/No)	Which Objective	Reasons/Comments
DCP001	No	1	This is not an issue concerning the physical network
	Yes	2	We believe this proposal improves competition in that it enables Suppliers to build in appropriate DUoS costs within their contract offers to customers in a transparent and accurate manner.
	Yes	3	On the grounds of efficiency
	No	4	This proposal does not improve efficiency in administration of the code
DCP001a	No	1	This is not an issue concerning the physical network
	No	2	<p>This change proposal does not remove the threat of significant additional administrative overhead should changes to DUoS charges not be notified on a reasonable endeavours basis by all DNOs.</p> <p>In addition the proposal does not include any justification for the variation in terms between ‘best endeavours’ and ‘reasonable endeavours’</p>

	No	3	This proposal does not improve efficiency
	No	4	This proposal does not improve efficiency in administration of the code
DCP001b	No	1	This is not an issue concerning the physical network
	No	2	<p>This change proposal does not minimise the significant administrative burden experienced by DNO customers when changes to the DUoS charge are imposed and offers little improvement over the original proposal apart from the fact that changes would be experienced twice yearly on a reasonable endeavours basis.</p> <p>In addition the proposal does not include any justification for the variation in terms between ‘best endeavours’ and ‘reasonable endeavours’</p>
	No	3	This proposal does not improve efficiency
	No	4	This proposal does not improve efficiency in administration of the code
DCP001c	No	1	This is not an issue concerning the physical network
	No	2	<p>This change proposal does not minimise the significant administrative burden experienced by DNO customers when changes to the DUoS charge are imposed and offers little improvement over the original proposal apart from the fact that changes would be experienced twice yearly on a reasonable endeavours basis. However the fact that this alternate facilitates changes to DUoS without specifying fixed dates means that DNO customers still face a significant level of administrative and financial uncertainty without their control should DNs notify changes in an uncoordinated manner. In addition post event auditing of changes during bill reconciliation will</p>

			carry additional complexity over a once a year synchronised change
	No	3	In addition the proposal does not include any justification for the variation in terms between 'best endeavours' and 'reasonable endeavours'
	No	4	This proposal does not improve efficiency
	No		This proposal does not improve efficiency in administration of the code

**Are there any other alternative solutions you would like to be considered by the DCP001 Working Group?**

No

**Indicate if you expect to incur any costs to support each alternative, particularly where these relate to internal system changes:**

It is difficult to assess in financial terms the cost of the administrative burden imposed by each proposal for a simple or a complex change. Obviously if the change/notification process is simplified and restricted to a once a year event this will significantly reduce the cost to the Distribution Network Operators, Suppliers and Customers. Evidence of the overall impact of the current arrangements in the snapshot example we have attached shows how complex and time consuming the experience is today for those who have sites located within the five Distribution Network areas that have historically amended their DUoS charges.

**Comment on the suitability of the proposed implementation date for each CP and each alternative:**

We would support as early an implementation for DCP001 as possible.

**Any other comments or views on the Change Proposal or Alternatives:**

Gaz de France Marketing believes that the DCP001 Change Proposal will facilitate improvements to competition within electricity distribution and indeed supply. By ensuring changes to distribution charges are aligned across all fourteen Distribution Networks the customer experience is vastly improved, something nine of the fourteen Distribution Operators have been able to achieve within the 2006/7 charging period. Consideration should be given to whether the nine Distribution Operators who maintained their charges have some form of best practise which could be shared across the remaining five Distribution Network Operator businesses. In addition it is perplexing to note that the one Distribution Network Operator with interests in three of the Distribution Networks was not able to ensure a consistent approach across all three of their networks with regard to introducing amendments to the DUoS element

of their charging regime. DUoS charges were amended for two of their three charging areas. This makes preparation of adequate budgetary funds even more complex.

By allowing a once a year change, based upon indicative charges provided December each year both energy Supply companies and their customers can improve their budget forecast for this element of the energy bill. Indeed this improvement would replicate the experience for dual fuel customers who already enjoy this provision for their gas related distribution use of system charges, currently updated in October each year but soon to move to an April start.

One other aspect of this issue to take into consideration is the different experience of those customers on fixed or variable contracts. Those customers on variable contracts will see any mid term DUoS rises passed straight through; whilst those with fixed terms increase Supplier risk premiums which must in the longer term have a negative impact on customers.

Attached to this document is a table summarising the experience of five of our customers during the 2006/7 DUoS Charging period which we submit in support of proposal DCP001. The table illustrates the following:

#### **Customer A – 129 sites over 14 Distribution Networks**

- All Distribution Network Operators notified indicative charges December 2005 thus enabling Customer A to undertake a preliminary budget forecast
- Throughout 2006/7 14 Distribution Network Operators notified a total of 19 changes to DUoS:
  - All fourteen Distribution Network Operators notified changes with effect from 1<sup>st</sup> April 2006. **NB** nine of the DNs were able to maintain their DUoS charges at that rate throughout the whole charging period 2006/7
  - However five of the other Distribution Network Operators changed their charges again within the same annual period.
    - One in October 2006 over two of their GSP areas. Note however there was no subsequent change in their third GSP area.
    - Two Distribution Network Operators notified changes in November 2006. Note that this is in addition to a June 2006 introduction of Reactive Charges.
    - One further Distribution Network Operators notified changes in December 2006;

### **Customer B - 195 sites over 14 Distribution Networks**

- Their experience was the same as Customer A but over a greater number of sites. I have included this example to illustrate the fact that the Customer A experience is not unique

### **Customer C - 20 sites over 1 Distribution Networks**

- This customer has 20 sites contained within one GSP where the Distribution Network Operators notified changes to the DUoS charge only once on 1<sup>st</sup> April 2006. Even though this change triggered some initial administrative activity, with respect to logging the tariff against each individual site, it was a significantly simpler experience than Customers A and B above. Customer C was able to undertake their forecasting processes on receipt of indicative charges December 2005, although they had no certainty at that time of the charge remaining unchanged throughout the annual charging period

### **Customer D - 6 sites over 3 Distribution Networks**

- This customer has 6 sites over three Distribution Network Operators
  - All three Distribution Network Operators notified changes with effect from 1<sup>st</sup> April 2006. **NB** Only one of the Distribution Network Operators was able to maintain their DUoS charges at that rate throughout the whole charging period 2006/7
  - The same Distribution Network Operators operating in the other two GSP Distribution Network Operators and they changed their charges again in October 2006 of the same annual period. This impacted 5 out of the 6 customers sites

### **Customer E - 58 sites over 2 Distribution Networks**

- This customer has 58 sites over two Distribution Network Operators
  - Both Distribution Network Operators notified changes with effect from 1<sup>st</sup> April 2006 and were able to retain those charges throughout the whole charging period 2006/7. Customer E was able to undertake their forecasting processes on receipt of indicative charges December 2005, although they had no certainty at that time of the charge remaining unchanged throughout the annual charging period

**Please clearly indicate which parts, if any, of your comments are to be treated by the Working Group and Panel as confidential**

As you have seen the names of our customers referred to in the examples above and in the attachment have been removed. If Ofgem requires sight of this information we will be more than happy to provide it on request directly to them.

	EDF	Central Networks	EDF	SP	Central Networks	CE Electric	UU	SSE		EDF	SSE	Western P	Western P	CE Electric	
	Eastern	East Midlands	London	Manweb	Midlands	NEEB	Norweb	S Hydro	SP	SEEB	SE	Swalec	Sweb	YE	Total
	10	11	12	13	14	15	16	17	18	19	20	21	22	23	
Cust A	7	12	2	4	4	3	7	1	5	35	34	6	3	6	129
Cust B	37	18	14	6	9	12	11	6	15	11	21	6	7	22	195
Cust C				20											20
Cust D	1		4											1	6
Cust E										25	33				58

#### DUoS Changes 2006/7

	Apr-06	Apr-06 Jun Reactive Nov-06	Apr-06 Oct-06	Apr-06	Apr-06 Jun Reactive Nov-06	Apr-06	Apr-06 Dec-06	Apr-06	Apr-06	Apr-06	Apr-06	Apr-06	Apr-06	Apr-06	
Losses	Clock	Clock	GMT	GMT	Clock	GMT	Clock	Clock	All Year	Clock	Clock	Clock	Clock	GMT	

#### 2005/06

Losses	Clock	Clock	GMT	GMT	Clock	GMT	Clock	All Year	All Year	Clock	Clock	Clock	Clock	GMT	
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