

**APPENDIX B - RESPONSE FORM**

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Role: ~~Supplier~~ / DNO / ~~DNO~~ / ~~Other~~ — Please Specify:

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**How do the proposed CP's better facilitate the DCUSA Objectives?**

WPD believes that DCUSA objective 4 is not applicable to any of the proposed CP's. Comments below only refer to the first 3 DCUSA objectives

<i><b>Change Proposal</b></i>	<i><b>Better Facilitates (Yes/No)</b></i>	<i><b>Which Objective</b></i>	<i><b>Reasons/Comments</b></i>
DCP001	No	1	WPD believes that limiting the ability to deliver prices changes will have no beneficial impact on the development of an efficient, coordinated and economical distribution network. The cash flow implications of being able to make price changes when necessary may hinder this objective.
	No	2	<p>Stability of prices may provide some benefits by easing price setting for suppliers however a competitive market should operate more effectively if the input price signals are passed through when they occur rather than artificially withheld.</p> <p>The condition of applying best endeavours is a more stringent condition than is generally applied to other obligations in this market and is likely to effectively limit distributors to a single price change on a fixed date. This condition, is therefore disproportionately limiting.</p> <p>Limitations on the movement in</p>

	No	3	<p>distributor prices will also, under the existing regulatory regime, limit prices for IDNO's which could also be detrimental to competition in distribution.</p> <p>Limiting the number and timing of price changes will also lead to bigger price changes as distributors will not be able to amend their prices when they recognise the need to do so</p> <p>The limitation of the timing of price changes via the DCUSA is in danger of putting distributors into a position where they are unable to meet their distribution licence obligations with contravening the terms of the DCUSA. This is an unacceptable situation.</p> <p>Removing reference to the period of notice etc is a backward step that will reduce clarity.</p>
DCP001a	No No  No	1 2  3	<p>As for DCP001</p> <p>In general the same criticisms apply as for DCP001. However the relaxation of the requirement from best endeavours to reasonable endeavours is more acceptable.</p> <p>The potential conflict between the DCUSA and the Licence continues to be a potential problem from a distributor perspective.</p> <p>Restoring reference to the period of notice etc restores the clarity of the original clause.</p>
DCP001b	No Yes  No	1 2  3	<p>As for DCP001</p> <p>In general the same criticisms apply as for DCP001. However the relaxation of the requirement from best endeavours to reasonable endeavours is more acceptable. Similarly the increase in prices changes from 1 to 2 is likely to meet the requirements of distributors</p> <p>The potential conflict between the DCUSA and the Licence continues to be a potential problem from a distributor perspective. However the possibility of</p>

			2 price changes reduces this. Restoring reference to the period of notice etc restores the clarity of the original clause.
DCP001c	No  No  No	1  2  3	As for DCP001  Assuming that stability of prices is a benefit to competition in supply this proposal is unlikely to deliver any benefits over the current situation  The potential conflict between the DCUSA and the Licence continues to be a potential problem from a distributor perspective. However the possibility of 2 price changes reduces this.  Restoring reference to the period of notice etc restores the clarity of the original clause.

**Are there any other alternative solutions you would like to be considered by the DCP 001 Working Group?**

No

**Reasons and explanations:**

**If you believe more than one solution better facilitate the DCUSA objectives, indicate an order of priority between each of the alternatives. This will inform the Panel's decision about which alternate(s) to put forward for formal voting in addition to the original CP.**

**Highest Priority:** DCP001b

**Next Priority if any:**

**Next Priority if any:**

**Next Priority if any:**

**Reasons and explanations:**

Proposal DCP001b provides some additional certainty for suppliers without unduly limiting the freedom of action of Distributors. Although proposal DCP001c offers more freedom for distributors it seems to provide no improvement for suppliers and would not achieve, even in part, the aim of the original CP.

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

None of the proposals are expected to incur costs as a result of internal system changes; the adverse costs implications for a distributor relate to adverse cash flow where upward changes in price are delayed because of timing restrictions introduced as a result of the CP.

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

The implementation date for any of the proposed CP's is acceptable

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

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