

DCP 127 Change Report – Attachment 13 – Extract from Ofgem email on communications hubs consumption

From: Ofgem
Sent: 17 October 2012 16:43
To: DCUSA
Subject: Comms hub - DCP127 (gas first)

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I spoke with the Ofgem policy lead on the electricity distribution price control about whether any of the costs associated with this energy consumption would be picked up by distribution companies through their losses incentive. Currently losses (including those linked to communications hubs) impact on the Distribution Use of System (DUOS) charge, so would affect the revenue of distribution companies. However, with the new price control we expect to move away from having an incentive based on energy in/energy out. So once the new price control commences, distribution companies are unlikely to be affected by the energy consumed by communications hubs.

As such, the costs would be picked up through the settlement process (as part of the Grid Supply Point Group Correction Factor). We spoke with DECC and agreed that we (ie Ofgem) would consider whether any reforms to settlement are required in response to this issue. We have had an initial chat with Elexon to ensure this issue is on their radar and will continue to liaise with them.