

APPENDIX D - RESPONSE FORM

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

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<p>Do you understand the intent of DCP 046 and are you supportive of its principles?</p>

<p>Yes - we understand the intent of DCP 046 and are supportive of the principle of bringing the governance of the CDCM into the DCUSA. Although we would note that this heightens the onus on parties to ensure that decisions of parties in their voting within DCUSA working groups are made in line with UK competition law.</p>
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<p>Do you consider that the proposal better facilitates or is detrimental to the DCUSA objectives? Does this apply equally to Appendix A drafting and Appendix B drafting? (please provide supporting comments)</p>
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| <p>1. The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.</p> |
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<p>By implementing open governance arrangements with the industry for the CDCM this should bring forward more robust charging methodologies leading to more economical development of the networks. This applies equally to alternatives A and B.</p>

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| <p>2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.</p> |
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<p>Open governance arrangements will ensure that competition issues can be addressed by respondents in an open manner. This applies equally to alternatives A and B.</p>
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| <p>3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.</p> |
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<p>The inclusion in DCUSA of the CDCM appears to be the most efficient method of discharging the open-governance obligation for the industry participants. This applies equally to alternatives A and B.</p>
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| <p>4. The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.</p> |
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Alternative A may be more efficient in respect of administration of the DCUSA due to the importance of recommendations through voting of the DCUSA parties. We believe that option B may lead to more, potentially less considered, change requests being submitted, particularly if parties perceive that they can not influence the Ofgem decision to veto via working group activity.
Which drafting alternative – Appendix A or Appendix B - do you consider is more appropriate?
<p>We consider alternative A to be more appropriate because it gives the industry due process to consider the proposals and if necessary suggest alternative approaches to go forward to Ofgem. Alternative B may potentially be less efficient if a party perceive that they can not influence an Ofgem decision via a working group and therefore need to submit a change request of their own.</p> <p>Alternative A may be more supportive of Ofgem's aims in relation to more effective code governance through self governance and improved analysis.</p>
Do you consider that the proposed DCUSA drafting effectively discharges the obligations introduced through the licence modifications?
Yes with the exception of the obligation to consult industry parties on an annual basis. DNOS will need to bring forward their own proposals on this subject.
Are there any alternative solutions or matters that should be considered by the Working Group?
It will be important to maintain version control for the methodology as is currently the case with the DCUSA document.
Are you supportive of the proposed implementation date of '10WD following Authority consent or 01 January 2010, which ever occurs later'?
Yes
Please state any other comments or views on the Change Proposal
Given the sensitive nature of charging methodology changes and their effect on the charges received by individual customers it is important that Ofgem have a presence on each of the working groups. This presence would also provide a level of reassurance to working group members about any potential ramifications with regard to competition law.
Please clearly indicate which parts, if any, of your comments are to be treated by the Working Group and Panel as confidential.
None

This form should be submitted to DCUSA@electralink.co.uk no later than 28 October 2009.