

DCP 437

‘To Shorten the DUoS Pricing Notice Periods’

COLLATED RFI RESPONSES

Company	Confidential/ Anonymous	1. Do you agree that the analysis undertaken from the DCP 437 Working Group is reflective of the likely increase in risk premia for affected customers if this CP is approved? Please provide your rationale either way and if you disagree, please provide your analysis on the likely increase in risk premia on affected customers.	Working Group Comments
EDF Energy Customers Limited	Non-confidential	The numbers calculated for the risk look reasonable, although it could be approached in a different way. We could see a binary impact i.e. suppliers could just extend their risk premium in January, compared to no risk premium, rather than trying to calculate an average additional risk to price in.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	Although we have no concerns with the analysis completed by the working group, we believe there needs to be some emphasis on the volatility of the market, not necessarily the risk premia identified within the change report or subsequent RFI. There is a significant concern that the concentration on risk premia will overshadow the real concern of the cumulative impact of reduced notice periods for our customers and the impact of being able to price our customers fairly and accurately where a reduced period is implemented.	
Working Group Conclusions:			

DCP 437

'To Shorten the DUoS Pricing Notice Periods'

COLLATED RFI RESPONSES

Company	Confidential/ Anonymous	2. How many customers do you have on a contract greater than 14-months? Please split between domestic and non-domestic and for the non-domestic customers, please indicate how many have pass-through arrangements in place for DUoS charges.	Working Group Comments
EDF Energy Customers Limited	Non-confidential	We consider this information to be commercially confidential so would only share it with Ofgem, on a confidential basis, if they request it.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	Profile Class 1 & 2 (please note, these are on Non-Domestic Contracts): Contracts greater than 14 months – 1995 – None with pass through arrangements Profile Class 0 & 3-8 Contracts greater than 14 months – 23324 – 116 with pass through arrangements	
Working Group Conclusions:			

Company	Confidential/ Anonymous	3. Any other comments?	Working Group Comments
EDF Energy Customers Limited	Non-confidential	None	

DCP 437

'To Shorten the DUoS Pricing Notice Periods'

COLLATED RFI RESPONSES

SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	<p>As we have alluded to in Q1, there is a significant risk that we will not be able to price our customers accurately or fairly where there is a reduced notice period, as we show within the table below, the difference between the notice periods shows a level of volatility that suppliers will need to consider. Even comparing the fixed charge, there is a risk that suppliers will price a customer on a charge which has drastically changed, this is where the risk to our consumers' needs to be considered.</p> <p>We also have concerns that the proposal to reduce the notice period will set a precedent for a reduction in future years, when we truly believe that the process ahead of the PCFM and notification of charges to Ofgem should be reviewed. This will provide DNO's with the required assurance period that they are seeking to address with this change and will continue to provide suppliers with the current notice period.</p> <p>DCP 178 noted the concerns that had been raised in this change and the subsequent consultation issued by Ofgem and we believe that these have not changed. There is a still a level of volatility between the indicative prices and the final prices published, this reduces the certainty for our customers and suppliers need to accommodate that risk. Whilst the difference in 1 months' notice period, may not seem significant to DNO's, suppliers need to have as much notice as possible to provide customers with a fair and accurate representation of the current market conditions and by reducing that notice by one month will reduce that.</p> <p>The table compares the final 26/27 fixed charges (for a couple of DNO's) to the last available forecast, which was the November 24 cost table, this</p>	
---	------------------	--	--

DCP 437

'To Shorten the DUoS Pricing Notice Periods'

COLLATED RFI RESPONSES

shows the percentage delta between the available data and the volatility that suppliers need to consider.

Fixed charge Percentage change: Final 26/27 Charges V Nov 24 Cost Tables	DNO 1	DNO 2	DNO 3
Domestic Aggregated or CT with Residual	-16%	-100%	-71%
Non-Domestic Aggregated or CT No Residual	11%	0%	27%
Non-Domestic Aggregated or CT Band 1	-13%	-100%	-100%
Non-Domestic Aggregated or CT Band 2	-36%	-100%	-100%
Non-Domestic Aggregated or CT Band 3	-54%	-100%	-100%
Non-Domestic Aggregated or CT Band 4	-73%	-100%	-100%
LV Site Specific No Residual	16%	-42%	33%
LV Site Specific Band 1	-71%	-99%	-100%
LV Site Specific Band 2	-76%	-99%	-100%
LV Site Specific Band 3	-83%	-100%	-100%
LV Site Specific Band 4	-85%	-100%	-100%
LV Sub Site Specific No Residual	20%	-40%	33%
LV Sub Site Specific Band 1	-74%	-100%	-52%
LV Sub Site Specific Band 2	-78%	-100%	-72%
LV Sub Site Specific Band 3	-85%	-100%	-81%
LV Sub Site Specific Band 4	-86%	-100%	-90%
HV Site Specific No Residual	11%	-45%	33%
HV Site Specific Band 1	-69%	-100%	-100%
HV Site Specific Band 2	-79%	-100%	-100%
HV Site Specific Band 3	-85%	-100%	-100%
HV Site Specific Band 4	-87%	-100%	-100%

Working Group Conclusions:

DCP 437

‘To Shorten the DUoS Pricing Notice Periods’

COLLATED RFI RESPONSES

