

FAO: Patrick Cassels,  
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By email: [FutureChargingandAccess@ofgem.gov.uk](mailto:FutureChargingandAccess@ofgem.gov.uk)

8<sup>th</sup> August 2021

Dear Mr Cassels,

**Consultation on DNOs' request for directions to disapply the notice periods set out in the electricity distribution licence SLC 14.11 and in clause 19.1A of DCUSA Section 2A in regulatory years 2023/24 and 2024/25.**

### *Introduction*

ABP owns and operates 21 ports around the UK and Hams Hall Rail Freight Terminal, which together handle around a quarter of the nation's seaborne trade. We operate four ports on the Humber, Hull, Goole, Immingham and Grimsby, which together constitute the largest ports complex in UK and serve its busiest trading estuary. ABP's Port of Southampton is the UK's principal port for the automotive trade and cruise, and home to the nation's second largest container terminal. ABP also operates five ports in Wales which form the backbone of the South Wales industrial cluster and handle a broad range of cargoes in support of local and national industries and manufacturers.

By facilitating trade and connecting British businesses and manufacturers to international markets, our ports act as important drivers of economic growth in regions and coastal communities around the country. Together with our customers, our ports handle £150 billion of UK trade, including £40 billion of UK exports through the Port of Southampton. In fulfilling this vital role, the ports support 119,000 jobs and contribute £7.5 billion the UK economy. ABP's ports are also at the forefront of the renewable energy sector, supporting the growth of the offshore wind sector and driving decarbonisation in the supply chain through on-site renewable energy generation for ports operations and our customers.



- Ayr
- Barrow
- Barry
- Cardiff
- Fleetwood
- Garston
- Goole
- Grimsby
- Hull
- Hams Hall
- Immingham
- Ipswich
- King's Lynn
- Lowestoft
- Newport
- Plymouth
- Port Talbot
- Sillloth
- Southampton
- Swansea
- Teignmouth
- Troon

## *The Consultation*

We answer the questions contained in your consultation letter below:

Q1. Do you agree with our initial views on whether to issue directions that the relevant DCUSA and licence conditions do not apply? Please provide evidence to support your views, including on whether any or some directions should be issued and the benefits and risks with each option. If we do issue a direction (or directions): i. Should these apply for 2023/24 and 2024/25, or just 2023/24? ii. Should it be a direction only disapplying DCUSA Section 2A clause 19.1B or also electricity distribution licence SLC 14.11? iii. If both, what should the notice period be and why?

We are not in favour of a direction which would change the 15 month notice period put in place by DCP 178 for either the year 2023/24 or 2024/25.

Q2. Can you provide any specific evidence about the impact of varying notice periods on contractual arrangements and budgeting?

As an operator of private networks with electricity customers of our own, we need a minimum of nine months' notice of DUoS charges which we can then factor into our own tariffs. Our customers want to know during Q3 of any given year what the tariffs are going to be for the next calendar year. For this we need the best view of all of the following electricity year's non-commodity costs including DUoS tariffs.

Q3. Do you agree with our initial views on the potential for a letter of comfort being sufficient to mitigate the main risk for DNOs? If no, please provide evidence of what the remaining risks are with this option?

We believe that Ofgem issuing a letter of comfort to DNOs confirming that they would not apply the penalty interest rate in regulatory year 2023/24 is a pragmatic solution which overcomes the major risk that the DNOs are facing in this regard.

Q4. Do you think the benefit of advanced notice of charges outweighs the risk of significant under/over-recovery over multiple years? Please provide evidence to support your preference.

We are not convinced that any under/over-recovery is significant compared with the uncertainty customers as a whole would face in their budgeting process if sufficient notice of tariffs is not given.

Q5. Do you agree with our views on the option to use the code modification process to address the timing issues between price controls? If not, can you provide any evidence regarding the benefit of applying a code change?

We note that the DCUSA specifically includes a provision to allow OFGEM to issue directions to temporarily suspend the notice periods and agree that this consultation is a pragmatic alternative to further change proposals with the associated consultation.

Q6. Do you have any further evidence or information that you think is relevant and can help inform our decision?

No

If you have any questions regarding this response please do not hesitate to contact me.

Yours sincerely,

Colin Prestwich  
**Energy Regulatory Manager**