



Submitted via email to
FutureChargingandAccess@ofgem.gov.uk

Monkton Reach, Monkton Hill,
Chippenham, Wiltshire, SN15 1EE
goodenergy.co.uk
enquiries@goodenergy.co.uk
0800 254 0000

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Dear Future Charging and Access Team

Good Energy's response to the consultation on Disapplying the 15-Month DUoS Charge Notice Period

Thank you for the invitation to respond to this consultation. Good Energy supplies 100% renewable electricity and carbon-neutral gas to homes and businesses across the UK. We are working towards a renewable future, helping to support technologies including wind, solar, biofuel and tidal. Our purpose is to power the choice of a cleaner, greener future together.

Summary

- **The 15-month notice period has been part of industry processes since 2015 and provides benefits to all stakeholders.**
- **While the current situation is not ideal, DNOs are still by far the best placed party to manage the forecasting risk posed by a new price control.**
- **Both Option 1 (a direction disapplying the notice period) and 3 (a DCUSA modification) would not be appropriate solutions to this problem.**
- **Good Energy supports Option 2, where Ofgem issue a letter of comfort to DNOs, and the 15 Month notice period is retained.**
- **This would ensure suppliers and customers are protected to a certain extent, while DNOs are not exposed to the full measure of penalties should their forecasts be errant.**
- **Greater care should be taken in the future to ensure that foreseeable issues such as this are addressed further ahead of time.**

Good Energy acknowledge that the planned publications of the RIIO-ED2 draft and final determinations in mid- and late 2022 conflict with the requirements set out in the electricity distribution licence for DNOs to provide 15 months' notice of future DUoS charges. However, any change made to address this conflict needs to ensure that the balance of risk between DNOs and Suppliers is fair.

The benefits of a 15-month notice period

However, these licence conditions provide certainty for suppliers, in turn limiting the risk premia passed through to customers and allowing a wider variety of contracts to be offered to customers of different sizes. Alongside these benefits, the rationale given for introducing the notice period to begin with was that DNOs are better placed to manage forecasting risk in the face of uncertainty (such as a new price control) than supplier parties and large customers. This is doubly the case at present when network charging arrangements are fluctuating due to the



Targeted Charging Review. Option 1 - the proposal to issue a direction reducing the notice period - would confer this risk back on to suppliers and their customers, and therefore, is not appropriate.

A Letter of Comfort strikes the right balance between mitigating DNO, supplier and customer risk

We support Ofgem issuing a letter of comfort to DNOs to provide reassurance that they would not face a penalty if their under/over recovery exceeds 6% of their allowed revenue, so long as that said under/over recovery can be reasonably attributed to the difference between the DNO's business plans and the draft/final RIIO-ED2 determinations in 2022. While this option may result in increased charge volatility, we believe this risk is far outweighed by the benefit of certainty provided by the 15-month notice period.

We do however agree with Ofgem's position that penalty measures should not be ruled out completely- they still may be required if a DNO's errant recovery is not caused by this issue but is instead for another reason.

A DCUSA modification cannot guarantee a suitable solution delivered in time

We agree with Ofgem's view that a DCUSA modification is not required in this instance. While open governance arrangements provide a forum in which industry stakeholders can collaborate in identifying and implementing change, we feel that the consultation issued by Ofgem provides adequate opportunity for engagement. However, there should be a process for determining an enduring solution so that this does not occur again, and a mod group might be the correct forum for establishing such a process.

I hope you find our submission helpful. If you have any questions, please do not hesitate to contact me at kit.dixon@goodenergy.co.uk.

Kind regards,

Kit Dixon
Policy and Regulation Manager