

Patrick Cassels
Head of Electricity Network Access
Energy Systems Management and Security
Ofgem
10 South Colonnade
Canary Wharf
LONDON
E14 4PU

By email to: futurechargingandaccess@ofgem.gov.uk

6 December 2021

Dear Patrick

Consultation to de-scope the wide-ranging review of Distribution Use of System (DUoS) charges from the current Electricity Network Access and Forward Looking Charges Significant Code Review (SCR) and take it forward under a dedicated SCR with a revised timescale

Thank you for the opportunity to respond to the above consultation. This submission is on behalf of UK Power Networks' three distribution licence holding companies: Eastern Power Networks plc, London Power Networks plc, and South Eastern Power Networks plc. We are Great Britain's largest electricity Distribution Network Operator (DNO), dedicated to delivering a safe, secure and sustainable electricity supply to 8.4 million homes and businesses.

UK Power Networks remains supportive of the need for reform to the DUoS arrangements and will continue to actively participate in the work programmes associated with the SCRs that will deliver this reform. We also welcome the opportunity to be involved in any further discussions on how best to maintain alignment between current and future SCRs to assist in the successful delivery of benefits to customers.

This letter should be read alongside the Electricity Networks Association (ENA) response, which we have contributed to and fully support.

In response to your specific questions:

1. Do you agree with our proposal to de-scope DUoS from the Access SCR and take it forward under a dedicated SCR with revised timescales?

Yes, we agree with the proposal. Although originally envisaged as a single SCR, it has become apparent that the work on DUoS needs to also consider wider programmes of work such as flexibility and MHHS, whilst the work on the Network Access and Connection Boundary can progress separately. As such, we believe that two separate pieces of work would be the most appropriate way forward.

However, creating parallel paths for delivering these two interlinked pieces of work creates a risk of misalignment and stakeholder confusion. We believe that appropriate mitigation should be factored into the work programmes of both the current Access SCR, which is now entering the implementation stage, and the new DUoS SCR. For example, the new DUoS SCR should formally recognise the Final Decision of the Access SCR and any future assessment of the impact of reform should be carried out holistically to include the impact of decisions already made.

2. What are your views on timescales for implementation of DUoS reform? How does this interact with wider market developments and what do we need to take into account?

Although we do not disagree with the timescales proposed, we have a concern that this will cross over with work on other current SCRs which often involve similar resources from the industry. Two specific examples are:

- The current Access SCR is entering the implementation stage, with a large amount of work programmed for 2022 to get the required changes in place for the implementation date of 1 April 2023. This overlaps with the suggested timing of work for the new DUoS SCR and could result in parties competing for resources across the two programmes. This should be taken into account when more detailed programming of the DUoS SCR is undertaken.
- The work under MHHS – the detail of which is largely unknown at this time. As such, we believe that any dates for work on DUoS reform must take MHHS into consideration and remain ‘flexible’ until more on MHHS is known.

3. What areas of interactions of DUoS with wider developments in policy/industry do we need to consider in our review?

As stated in our response to Q2, we believe that MHHS is a significant area of work for the industry, and for DNOs it is highly likely to be managed by a similar group of people who will work closely on any reform to DUoS. In addition, considerable work on the implementation of Connection Boundary and Network Access areas of the Access SCR will be required in 2022 when the discussions on DUoS are proposed to recommence. As with MHHS, this is likely to involve the same parties and could lead to resourcing issues, hence a wider review of all industry-level work would be of benefit to fully understand where issues exist.

Additionally, the policy set by these three SCRs needs to be aligned to ensure that all reform delivered under these programmes aligns and delivers benefits to customers in the round. There is a risk that decisions are made in isolation that are negatively impacted by wider changes in the operating environment.

4. Have we considered all the impacts of a phased approach to delivering the original scope Access SCR?

Yes, however please note our responses to the above questions.

5. Do you have any views on our proposal to retain the scope and governance arrangements of the original Access SCR?

We support this approach as industry parties, stakeholders and Ofgem would have been comfortable with the scope and governance arrangements when the SCR commenced and, in our view, nothing has happened over the past few years to change this. We also encourage Ofgem to give full consideration to the significant work that has already been carried out in this area under the current Access SCR, to avoid possible duplication of effort and ensure a more efficient development of reform under the new SCR.

6. Do you have any other information relevant to the subject matter of this consultation that we should consider?

We have nothing further to add.

We would be pleased to discuss any of the responses above in more detail, where you feel that might be of benefit; please contact Ross Thompson in the first instance to facilitate this.

Yours sincerely



James Hope
Head of Regulation and Regulatory Finance
UK Power Networks

Copy Chris Ong, Pricing Development Manager, UK Power Networks
Paul Measday, Regulatory Returns & Compliance Manager, UK Power Networks
Ross Thompson, Regulatory Performance Manager, UK Power Networks