



Independent Networks
Association

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Sent by email to: FutureChargingandAccess@ofgem.gov.uk

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Dear Ishan

Consultation on our proposal to take forward the reform of Distribution Use of System (DUoS) charges under a separate Significant Code Review (SCR) on revised timescales

I am writing on behalf of the Independent Networks Association (INA). The INA represents the leading independent utility network owners and operators who serve the domestic, commercial and industrial sectors across Great Britain.

The proposed SCR focusing on DUoS is likely to impact our members and their customers in a fundamental manner and on various levels:

1. **Cost Recovery:** currently, the DUoS revenues received by our members allow them to recover the economically efficient costs incurred in running their IDNO businesses. Any potential change to how DUoS is calculated or recovered will have significant impacts on their businesses.
2. **Network Use:** if successful, the new price signals will drive change in end users' behaviour, resulting in changes in how our members' networks are used.
3. **Billing Methodology and Systems:** network operators will likely bear most responsibility in implementing the reform through a change in their billing methodology and systems.

As a result, we welcome further continued engagement should you proceed with a standalone SCR focused on DUoS reform. Our members have contributed to the Access SCR implementation working groups and are happy to maintain a similar level of commitment on this next topic.

Further, we think that it is important that any DUoS changes arising from the SCR have cognisance of the work already undertaken within the original scope of the Access SCR. This is because there is a clear connection between the two topics, and reforms arising from the Access Rights SCR may require changes to the way DUoS is charged or recovered. It is important to recognise that, to some extent, divorcing changes to the connection charging boundary from the reform of use of system charging methodology may lead to distortions in the allocation of costs, undue cross-subsidies across different customer groups and inappropriate signals to consumers. As such we think that it is important that where



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opportunities arise to bridge this gap before the conclusion of the SCR that Ofgem develop the governance of the SCR to allow low regret options to be progressed.

The INA recognises the work which was undertaken on DUoS reforms under the Access SCR and particularly where work was undertaken to consider how reforms would impact on IDNOs. We believe that this is an important strand of work which the new SCR needs to consider fully. We have previously provided presentations and other input into the development of work under the SCR and would be pleased to be engaged on a similar basis under a new SCR.

The INA and its members welcome the opportunity to provide input to this consultation, and subject to its outcome looks forward to continued engagement as the DUoS reform SCR proceeds.

Yours sincerely,

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