

We welcome the opportunity to respond to Ofgem's consultation on CMP343 – Minded-to decision.

We hope you will find our feedback helpful in your decision making.

If you would like to discuss any aspect of our response further, please contact urszula.thorpe@pozitive.energy.

Question 1: Do you agree with our assessment of the distributional impacts of the flooring approaches?

Yes, we agree.

Question 2: Do you agree that, of the flooring options presented, flooring at 0 best meets the TCR Principles and Applicable CUSC Charging Objectives?

Yes, we agree. We continue to believe that flooring at 0 best reflects the policy intent. The purpose of this policy is to reduce market distortions. Flooring at 0 ensures that there are limited or no unintended consequences of this policy like incentivising demand during triads. Flooring at 0 appears to be the only option that disincentivises demand during triads.

Question 3: Do you agree with our assessment of the distributional impacts of the banding approaches?

Yes, we agree.

Question 4: Do you agree that, of the banding options presented, four bands best meets the TCR Principles and Applicable CUSC Charging Objectives?

Yes, we agree. Out of all the options presented, the four-band option is most equitable. Any banding solution will always create some distortion, as consumers within any band will inherently differ. However, the greater number of bands, the less overall distortion there is likely to be.

We note the point that the charges consulted as part of the TCR Decision were different to those presented as part of WACM2. However, it should be noted that since April 2020, NGESO made their TNUoS 5-year view public and that view included WACM2 assumptions. With each publication of the 5-year view, NGESO provided a sensitivity analysis of the factors impacting the TNUoS tariffs. DNOs published their DUoS tariffs in line with the agreed timetable. The DUoS tariffs from December 2020 include the WACM2 assumptions. Therefore, we do not think it is appropriate to delay the implementation until 1 April 2023 on the basis that the anticipated charges were not communicated in well in advance of the 1 April 2022 implementation.

Question 5: Do you consider that any of the options presented adequately addresses very small users (including those associated with mixed use sites)?

Out of all the options presented, the four-band option is the only option that gives any consideration to small sites. However, we are unable to form an opinion of whether this option adequately

addresses very small sites as there is nothing to compare this option with. To form an option, this option would need to be compared against a greater number of band or against other four-band options where the percentiles are set at different levels.

Question 6: Do you agree with our minded-to decision to approve CMP343 WACM2?

Yes, we agree for the reasons discussed in our answer to Question 2 and 4.