



## Utility Customer Service Management Ltd.

Do adoption payments play a role in the development of a competitive market? Is competition now effective? Are adoption payments now appropriate in order to reflect developments in the licensee's business?
<i>We understand how adoption payments have fallen behind as an essential elements of charges in relation to new connections and indeed, we believe these did create a degree of confusion with end Customers however, it is our experience that Customer now notice the effective higher prices they are being charged because of the absence of TSA. For this reason, we feel the steps suggested by UU would be welcomed by Customers. We do not believe adoption payments are directly linked to effective competition and as such, there appropriateness is not in question. Many Customer would suggest competition is still not effective but would welcome any price reduction in new connections by whatever name it comes.</i>
Are the assumptions used by UU reasonably representative of the majority of connections?
<i>We would suggest they are. UU have taken a view and given the same opportunity, each DNO could potentially take a different view which would further confuse an already confused market. Given this position, we feel it important to ensure any other DNO's who "follow suite" are encouraged to do so in a way which retains a degree of consistency with the UU approach. This may in the long term mean variations to the UU approach. Clarity for Customers (which we feel is important) will come from a consistent approach across the industry.</i>
What is the impact of the proposed methodology change on customers and competitors whose connections are not closely reflected in the modelled assumptions?
<i>We feel fairly small. The approach taken by UU appears reasonable and sensible given the "normal" new connections made. We would however value the views put forward by Customer who feel this is not the case.</i>
Does the combination of adoption payments and UoS boundary charges have anti competitive effects?
<i>In the short term this may be the case but this is a penalty which the market must accept to enable full market forces to develop and apply.</i>
Is there currently an issue of potential discrimination in UU's charging methodologies?
<i>We do not believe so but again, would however value the views put forward by Customers who feel this is not the case.</i>
Is there currently an issue of potential double-counting in UU's charging methodologies?
<i>Given the statements made in the UU proposals we believe this is the case.</i>
Is the proposed modification the most appropriate way forward?
<i>Given that we are in a free market then development of same needs to have a degree of freedom subject to the Customers interests being protected – we</i>



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*believe they are in this case.*

Is there any alternative approach to be considered, that would better meet the relevant objectives?

*Following on from our previous answer, any alternative (and we are sure there are some) will need to be nurtured and allowed to develop. From our experience, Customers still recall the TSA and as such, the introduction of a charging devise along the same lines will generally be widely accepted and understood.*

Does UU's proposal result in a shift in the connection boundary and, if so, is this appropriate?

*No, we do not see why this should be the case.*

Are the exclusions appropriate and have UU sufficiently justified these?

*Yes, the logic applied for this are clear and understandable and not dissimilar to the exclusions with TSA.*