

GDPCR responses
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Your Ref: Ofgem doc 290/07

Dear Ms Uvais

GDPCR Second Licence Drafting Consultation document

energywatch welcomes the opportunity to respond to the issues raised by this consultation. This response is non-confidential and we are happy for it to be published on the Ofgem website.

energywatch has contributed to this process throughout and we would ask Ofgem to consider our early responses in conjunction with this one.

We have considered the updated drafting associated with the implementation of the final GDPCR proposals published in early December 2007 and believe that it is generally fit for purpose. However, Ofgem should review the drafting for consistency and ensure that various errors, omissions, etc. of a typographical and cross-referencing nature are amended or removed prior to publishing the statutory licence consultation final draft, e.g. there is no definition of "Interruptible Exercise Cost" in Special Condition E1 of the RDNs' licence which appears in the body of the licence.

With regard to the updated versions of the SSCs relating to licensees' obligations to their vulnerable consumers and the production of codes of practice, we fully support these proposals. We also welcome Ofgem's proposed approach of applying these obligations to all gas transporter licensees so that they also undertake effective interaction with their consumers to meet best practice in customer service. We do not regard the proposed changes to be material in nature but reflective of the minimum standards of good customer service that licensees require to provide.

energywatch agrees that SSCs A19 and 21 should move to SSC Part D (which places obligations on gas DNs only) as they relate to services only provided to domestic consumers as opposed to Part A place which places obligations on both gas DNs and NGG NTS.

We welcome Ofgem's proposals (SSC D10) to remove overall standards of performance and replace them with either guaranteed standards or licence conditions as a much more effective way to protect consumers. Consumers should be compensated if network operators fail to meet certain minimum standards of performance, or Ofgem should investigate and enforce licence obligations where

consumers suffer detriment through the failure of an operator to meet those obligations.

We also welcome the introduction of an obligation on IGTs that ensures that they must provide information to consumers during unplanned supply interruptions on their networks. We do not consider Ofgem's approach to be more onerous on these network operators but a proportionate basis for using enforcement powers which will penalise operators where they have clearly failed to meet the required standards or licence obligations to consumers.

We agree with Ofgem's proposals for network operators to submit revised connection charging methodologies under SLC 4B to cover network extensions. It is important that network extensions, which have the potential to connect more consumers to an alternative form of energy supply for heating and eating, are encouraged. This will be facilitated by ensuring that connection charging methodologies include provisions which can apply to network extensions. If network operators are unable to revise current methodologies by 1 April 2008, it should be sufficient that they provide adequate information about the progress they are making in this regard to meet the revised licence obligation.

With regard to any potential income adjusting event re-opener of the price control associated with the implementation by network operators of the Traffic Management Act, we do not believe that there are circumstances where costs will be efficiently incurred which fall outside existing categories outlined in the draft licence. If there are, there must be clear and substantive evidence to the contrary, tested through wider consultation with all interested parties. Consumers should not bear further costs which cannot be justified on appropriate grounds.

If you do wish to discuss our response further please do not hesitate to contact me on 0191 2212072.

Yours sincerely



Carole Pitkeathley
Head of Regulatory Affairs