



THE ASSOCIATION FOR THE BRITISH ELECTROTECHNICAL INDUSTRY

## **Consultation: DPCR5**

BP Response –Final

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Dear Sirs,

The Power Sector of BEAMA Ltd (BP) is the Trade Association representing the principal suppliers of equipment to the UK's Electricity Transmission and Distribution sectors.

Our Members welcome the initiative shown by Ofgem and appreciates the opportunity to express their views.

Our detailed comments on selected questions are given below.

Nigel Grant  
Director  
(signed electronically)

## *Chapter 2: Overview of FBPQ Forecasts*

*Q1: What are your views on the DNO cost forecast presented in this chapter?*

It is a concern that there are clearly widely different views of maximum demand growth and the impact of the current recession between the DNO's. Whilst suppliers can take the "average" view it is clear that in many areas of activity the regional variances are important and will impact on the view taken by individual suppliers. Hence the value of the forecasts is questioned. Perhaps a more consolidated overview is required in terms of demand growth and general economic drivers.

It is encouraging to see increased spend on workforce renewal, but how this is going to be invested requires more transparency, particularly as suppliers have historically been a significant source of workforce into DNO's. So alignment of approaches would be advantageous in this area.

## *Chapter 4: methodology - Core network investment*

Our Members are generally comfortable with the outline approaches detailed in the Chapter; noting that the detail, which is not given, will be critical in determining whether the approach is agreed with or not.

Our members are concerned about how do OFGEM ensure the allocated spend is utilised by the DNO, and they believe this needs a different approach under DPCR5 as nearly every DNO has under spent during DCPR4 – which is having a direct impact on the manufacturing supply chain..

Members also question how hard have OFGEM questioned the DNO's regarding their policies on their aging installed base, especially as each DNO is still concentrating on the CML.

## *Chapter 5: Network Investment - Environment*

Clearly there has been and is still so much uncertainty in this area that it is difficult to draw any conclusions with regard to approaches taken in this area. All that can be concluded is that whatever approach is currently taken will be incorrect and the issue that has to be taken into account is how this uncertainty is managed. It is not unexpected that individual DNO's should show such a wide variety of approaches. The potential impact of different scenarios should be considered on a broader scale.