

Chapter	Q No	Question	BP Response
Chapter 1			
1	1	Do you agree with our proposals for a new mechanism to encourage DNOs to develop their role in the low carbon economy?	Our Members broadly welcome the proposal, however they are keen to see this translate to some definite activity.

Chapter	Q No	Question	BP Response
1	2	<p>In particular, do you agree with:</p> <p>the proposed size of the funding?</p> <p>the proposals for discretionary rewards?</p> <p>the two tier structure?</p> <p>the proposals to recover tier 2 costs over a five year period?</p> <p>the measures to mitigate DNO risk?</p>	<p>We welcome the proposed size of funding.</p> <p>We broadly welcome the proposals.</p> <p>To co-ordinate the projects we believe that the proposal is appropriate, however our members, through their Membership of T&D Europe, have initiated a study by the University of Genoa to report on what R&D, and subsequent trials, needs to be undertaken and we seek to ensure that Ofgem takes into account the broader supply chain perspective in identifying appropriate projects.</p> <p>To encourage DNO's to take up this opportunity, we suggest that recovery over the time of the project would be a preferable solution</p> <p>BP has no comment to offer on this topic</p>

Chapter	Q No	Question	BP Response
1	3	Do you think we have adequately balanced the DNOs and customer risk?	. BP has no comment to offer on this topic
1	4	Do you agree that DNOs should be allowed to use any benefits accrued from the project to cover their contribution (minimum 10 per cent) to the project funding, or should the direct benefits be subtracted from the project cost before the DNO contribution is calculated, so that the DNO always contributes at least 10 per cent of the project cost?	Our members broadly welcome this, however if there are equipment supply partners in trials then the DNO's should be required to share the benefits with these suppliers.
1	5	Do you agree that the funding should be provided on a use it or lose it basis, and should the tier 2 funding be ramped over the period?	Our Members believe that the ramping proposed will force projects to the latter stages of the regulatory period. If benefits are to be realised to meet UK government and EU objectives then perhaps the use it or lose it should be restricted to the latter 3 years of the regulatory period, and the ramping be inverted with 125% in year 1 and 75% in year 5 – to incentivise DNO's to take this issue seriously. Manufacturers have proposals for further R&D, and trials, ready to be acted upon, what is needed is cross-industry participation and action.
1	6	Do you consider that this mechanism will achieve our stated objectives?	Members have concern that the DNO's will not take up this opportunity or only show limited committed action on this front.

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Chapter 2			
2	1	Have we correctly captured the customer's information needs?	BP has no comment to offer on this topic
2	2	Do you agree with the scope of proposed licence obligations?	BP has no comment to offer on this topic
2	3	Do you agree with our proposal to request DNOs to commit to a strategy for information provision?	BP has no comment to offer on this topic
Chapter 3			
3	1	Do you agree with our proposal to retain the DG incentive framework largely unchanged from DPCR4, and do you have any comments on the detail of our proposals?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
Chapter 4			
4	1	Do you agree with our proposal to terminate the blanket exemption from use of system charges for pre-2005 connected DG, with effect from 1 April 2010?	BP has no comment to offer on this topic
Chapter 5			
5	1	Do you agree with the proposed hybrid approach for the regulatory treatment of transmission exit charges?	BP has no comment to offer on this topic
5	2	Do you agree that in setting the scope of the incentive we targeted the appropriate cost items?	BP has no comment to offer on this topic
5	3	Do you agree with the level of exposure under the proposed sharing factor?	BP has no comment to offer on this topic

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Chapter 6			
6	1	Do you agree with our proposal to provide explicit funding for justified low loss investments to provide direct recognition of the investment?	<p>Our members broadly welcome the proposals.</p> <p>We would however comment that in the discussion Ofgem has not included the wider activities that are being taken in Europe. Specifically the European Commission is actively considering including Power and Distribution Transformers in the scope of the EuP Directive (http://www.ecotransformer.org/).</p> <p>A European report containing graphs showing the comparison of the UK with the rest of the EU 27 plus Norway is available on page 12 of the report available from http://seedt.ntua.gr/index.php?option=com_remository&Itemid=15&func=fileinfo&id=107</p> <p>For Transformers the determining factor affecting the efficiency of the transformer eventually purchased by DNO's is the capitalisation formulae the DNO's themselves provide to the manufacturers as part of the procurement process. We believe Ofgem should actively comment on what action they expect DNO's to make on this front, and introduce more specific measures to improve both UK installed base efficiencies, and to meet the broader expectations emanating from Europe.</p>
6	2	Do you agree with our proposals (common reporting, reporting lag) to address the issues associated with using settlement data to measure losses?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
6	3	What are your views on our proposals for a common reporting method and where we have identified options, which do you prefer?	BP has no comment to offer on this topic
6	4	Do you agree with our revised losses incentive value and our proposal to retain the rolling retention mechanism?	BP has no comment to offer on this topic
6	5	Do you agree with our proposals for a common treatment for substation energy usage, where the substation usage is registered with a supplier so that they pay for the electricity consumed?	Our members broadly welcome this proposal.
6	6	Do you agree with our proposals to recognise and reward improvements to the losses measurement?	Our members broadly welcome this proposal

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Chapter 7			
7	1	<p>Do you agree with our proposal to leave the DPCR4 losses incentive open for the first three years of DPCR5 until the settlement corrections are complete?</p> <p>What are your views on our proposal that the absolute losses performance will be exposed to the DPCR4 rolling retention mechanism?</p>	BP has no comment to offer on this topic
7	2	<p>Do you consider that the proposals for closing out the DPCR4 rolling retention mechanism have merit, and if so, how should we manage the uncertainty?</p>	BP has no comment to offer on this topic

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Chapter 8			
8	1	Do you agree with our proposal for BCF reporting requirements?	Our members broadly welcome this proposal, however for Fugitive Emissions, specifically SF6, we draw Ofgem's attention to the Ecofys report on the T&D Europe web site http://www.tdeurope.eu/data/file/Ecofys-SF6-Study-Final-Report-22-Nov-2005.pdf
8	2	Do you agree with the proposed guidance for the BCF reporting methodology?	Our members broadly welcome this proposal
8	3	Do you agree with our proposal to rely on a reputational incentive only (through publication of a league table)?	Our members broadly welcome this proposal
Chapter 9			
9	1	Do you agree with our proposed amendments to how the undergrounding allowance is formulated?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
9	2	Do you agree with our proposed approach to undergrounding projects not completed by the end of DPCR4?	BP has no comment to offer on this topic
Chapter 10			
10	1	Do you agree with the scope, timeframes and the level of penalties proposed for the guaranteed standards regime?	BP has no comment to offer on this topic
10	2	Should we develop a mechanism to ramp up the level of the proposed penalty payments?	BP has no comment to offer on this topic
10	3	Should we cap the penalties that apply to each of the proposed standards?	BP has no comment to offer on this topic

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10	4	Should we apply in aggregate a 90 per cent performance target to apply to the standards and measure this on a quarterly basis?	BP has no comment to offer on this topic
10	5	Do you agree with our market segmentation strategy for metered and unmetered connections? Are there any segments other than those identified that should be exempt from earning a margin?	BP has no comment to offer on this topic
10	6	What are your views on the proposed level of regulated margin and is there any further evidence we should take into account in setting the level of regulated margin?	BP has no comment to offer on this topic
10	7	Do you have any comments on the scope of the proposed competition tests?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
10	8	We invite views on the relative weighting of market share compared to the price and service tests? What level of lost market share would be appropriate to deem the market competitive?	BP has no comment to offer on this topic
Chapter 11			
11	1	Do you agree with the proposed scope of the broader measure?	BP has no comment to offer on this topic
11	2	Do you agree with the revenue exposure and the incentive weightings proposed for each element?	BP has no comment to offer on this topic
Chapter 12			
12	1	Do you agree with the proposed improvements to the telephony scheme?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
12	2	Do you agree with our proposals and methodology for recasting the reward and penalty thresholds?	BP has no comment to offer on this topic
Chapter 13			
13	1	Do you agree with the proposed mechanism (in full) for worst served customers?	BP has no comment to offer on this topic
13	2	Do you agree with the level of the proposed cap per benefiting customer? If not, what level do you believe is appropriate?	BP has no comment to offer on this topic
Chapter 14			
14	1	Do you agree with the proposal that any required improvement from current performance levels should be funded by shareholders?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
14	2	Do you agree with the approach to setting pre-arranged allowances?	BP has no comment to offer on this topic
14	3	Do you agree with the proposed levels of revenue exposure and incentive rates?	BP has no comment to offer on this topic
14	4	Do you agree with the proposed refinements to the exceptional events mechanism?	BP has no comment to offer on this topic
Chapter 15			
15	1	Do you agree with the proposal to increase failure payment levels to reflect inflation?	BP has no comment to offer on this topic
15	2	Do you agree with the proposal to introduce some form of payment cap for large one-off events?	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
Chapter 16			
16	1	Do you agree with our proposals for embedding DPCR4 best practice?	BP has no comment to offer on this topic
16	2	Do you agree that the scheme should be rationalised once the Broad Measure goes live in April 2012? If so, in which areas?	BP has no comment to offer on this topic
Chapter 17			
17	1	Is our proposed common methodology for network output measures related to general reinforcement and asset replacement expenditure appropriate?	Our Members fully welcome this proposal and trust that this will be used to ensure that DNO's meet the investment proposals at the start of the regulatory period.

Chapter	Q No	Question	BP Response
17	2	Is our proposed process for determining whether a DNO has performed satisfactorily against its agreed DPCR5 outputs appropriate?	Our members broadly welcome this proposal
17	3	What approach should be taken if we determine that a DNO has failed to deliver against its agreed DPCR5 outputs? Have we considered all reasonable options to impose financial consequences for under-performance?	We believe that Ofgem should take a much stronger line rather than the line that has been taken in previous Regulatory periods. We have suggested previously that asset stewardship should be given due weight and we believe that Ofgem should send a strong signal on this matter.
17	4	Should we apply different treatment to DNOs that fail to deliver the agreed DPCR5 outputs, depending on their level of DPCR5 investment relative to the forecast	BP has no comment to offer on this topic

Chapter	Q No	Question	BP Response
Chapter 18			
18	1	Do you agree with our proposal to retain IFI?	<p>Yes, our members broadly welcome this proposal Our members do however have concern that the Financial Model shows that IFI funding is weighted to the latter years of the regulatory period. Our members have, through a study conducted by the University of Genoa, identified the R&D needs to meet 2020 objectives. Our members are part of the solution and are ready to co-operate with DNO's.</p> <p>One aspect our members do have concern about is the weighting of expenditure to the latter years of the regulatory period. As stated above the manufacturers of equipment have commissioned a study which sets out a road map of R&D – and we believe this can commence at the start of the Regulated period. We also draw attention to the similar weighting of LCN expenditure to the latter years for trials. If IFI (and LCN) investment is to lead to meaningful applications, then this weighting should be reversed and a higher emphasis placed on the early years, thus enabling results to be realised by the end of the Regulatory period.</p>
18	2	Do you agree with our proposal to focus IFI on technical R&D, whilst creating the new low carbon network fund for the trialling of low carbon initiatives on the networks?	Yes, our members broadly welcome this proposal

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Chapter 19			
19	1	Does the 85 per cent capitalisation of all costs within the equalised incentive provide an appropriate speed of money?	BP has no comment to offer on this topic
19	2	Does the IQI matrix presented provide an appropriate profile for the incentive strength? Should we be considering an alternative profile with a steeper incentive rate?	BP has no comment to offer on this topic
19	3	What approach should we adopt when setting the start to earn points of the IQI matrix?	BP has no comment to offer on this topic