

From: Broom, Phil [mailto:Phil.Broom@gdfsuezuk.com]
Sent: 27 October 2009 15:47
To: Rachel Fletcher
Subject: Electricity distribution structure of charges project: DNOs' proposals for a common methodology at lower voltages

Rachel, please note our comments below in relation to the above consultation.

I have not drafted a formal response to this due to high workload and the fact that the tone of the Ofgem consultation document read to me very much like a decision document rather than a fruitful consultation exercise.

GDF SUEZ Energy UK supports the introduction of a common methodology but it is disappointing that many of the views submitted by ourselves and no doubt other suppliers to the ENA's previous consultation have not been addressed in the Ofgem consultation, indeed no suppliers views seem to be even acknowledged. I have attached our previous (to the ENA) consultation response for information, I hope you are still able to consider these points at this stage as I believe they are still valid.

<<GDF SUEZ ENERGY UK Response to Distribution Structure of Charges Project v3.pdf>>

In addition to the above please could you note the further points below:

1. Communication around disruption to charges - Engagement from the DNs has fallen far short of what is needed. It will be suppliers who bear the brunt of the queries and disputes when the new rates apply. It will be suppliers who face the "why has my bill gone up?" questions and the potential refusals to pay, and associated cash flow costs. The DNs have no incentive to communicate clearly or to help suppliers communicate their changes to customers.

2. Instability of estimates - There have been significant "swings" in the indicative charges issued, these tell suppliers there is a big risk but don't allow suppliers to take steps to manage that risk easily. Competition could be easily distorted depending on the size and nature of a supplier's portfolio. And further, with no provisions for stability, given this precedent of severe upheaval to charges there can be no guarantee that such events will not become commonplace which is something that smaller suppliers will find harder to manage.

I apologise for the format of this response but I hope you will find the points useful nevertheless. Please don't hesitate to get in contact if you would like to discuss further.

Best Regards
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