

BOC's thoughts on the DPCR5 process.

Thank you for the opportunity to comment on the Distribution Price Control Review process; this is the first I have worked through, so some of my observations may not be original. Furthermore, this DPCR has coincided with the Distribution Charging Methodology project; my initial observation is that I believe the two happening simultaneously has led to consumer confusion as to which cost increase is to be attributed to which process.

Over the last year or so there has been a deluge of energy and climate-related consultations and studies published. For many users the regulatory oversight resources needed to cope with this peak of work has made it impossible to consider all the issues, never mind to do so properly. For consultation in a democracy to be respected and trusted its bad news must not be drowned out in the wider cacophany, and respondents must have a fairly consistent level of workload, or at least good information upon which to make prioritisation decisions. Bear in mind that for many households and industries, the recent recession has reduced headcount and/or added to operation complexities, without a peak of regulatory work on top.

Further points are :

- 1 The initial stages of DPCR5 seemed to be a conversation between DNOs and Ofgem, with little regard to the implications on the consumers who would pick up the cost.
- 2 The timeframes for confirming both sets of price changes were so short that it was impossible for consumers to budget for them, nor to put mitigation steps in place.
- 3 The public face of the distribution price increases included a table which showed the number of customers affected and the typical %age their bills would increase. Bottom of the list was the tiny fraction of a percent by number who are HV HH metered, for whom there was the largest increase. This table was potentially highly misleading, as it is those sites which are the largest volume consumers (outside EHV) and in fact bore the brunt of the additional costs. BOC has several sites in this category, including one of its largest connected at 11kV, so the cost impact of this process to our business as a whole is substantially more than the £28000 referred to in your public statement.

In conclusion I believe that this consultation

- a needed to be better explained up front to the wider public audience (perhaps through industry "trade" press, or an edict to suppliers to include letters in plain English to all customers)
- b on a longer lead-time, so the process and likely cost could be budgeted (even if the final numbers are given the last polish close to the changeover date)
- c More candid about who carries the cost burden of the changes in £ terms not just % increments, and not just about domestic users
- d Run separately from strategic reviews so the impact of each element can be understood better

It would be useful also to see OFGEM publish its own overview of the change in regulated costs, and environmental charges by broad classification (perhaps Domestic, OtherNHH, LVHH, HVHH, EHV) so the press and public can better understand the impact of changes to the pass-through lines on the bills. From 1995 to 2015 would be an informative time frame.

I shall be at the forum on the 16th and quite possibly at the LUG on 21st April, so am happy to discuss these perceptions face to face if you would like.

Yours sincerely

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