

Dear Rachel,

I am writing to you regarding the proposed change to EDCM in October 2011. We at Green Energy UK feel that a change at this point in time would leave us in a disadvantaged position, especially considering the new EHV methodology is likely to lead to a rebalancing of CDCM and a wholesale change in distribution pricing.

A mid-year change will affect contractual arrangements we already have in place and will inevitably lead to a detrimental impact on our customers. Pricing models will have had to be considered long before this date and therefore we will be left with little option but to recoup loss of earnings from a mid-year change but to increase prices. There is already existing concern about energy prices and moves to mid-year price changes will only exasperate these concerns. Customers are looking for price stability and under the current methodology we have the opportunity to provide this stability.

This is also likely to unduly affect smaller suppliers who do not have the same level of resources as the major companies and will be forced to extend their risk exposure by trying to second guess future changes or price in a predictive element which may lead to them becoming uncompetitive within the market. This would therefore be an anti competitive step and also be a barrier to entry for any new entrants looking at the UK market place.

With an existing route in place for annual price changes and therefore the ability for the companies to recover their costs we believe a further change is not necessary or in the interest of the consumers.

Best wishes

Chris Greer
green energy uk