LCNF Full Submission

Supplementary Answer Form

DNO Name:	Central Networks	Question Number:	CN031
Question Date:	17/09/10	Answer Date:	21/09/10
Question Topic:			

Original Question No:		Original Answer Date:	
Original Question:			
Original Answer:			

Question:	Can you make a high level case as to why your proposed new charging arrangements better meet the relevant objectives outlined in SLC 13.3?

Answer:	Please refer to our appendix 12, derogations, which outline Central Networks' view with regards to our derogation requirements. As outlined in the appendix, different tariff structures will be trialled via customers' retailers. Consequently we expect to have a requirement for derogation relating to SLC13 purely for testing hypotheses relating to the homes demonstrator project. In considering derogation requirements, we have taken into account the following: • Complying with the methodology – We are already discharging our obligations under the Act and the proposed derogations would apply to Milton Keynes only. The manner in which we would be charging customers will be in line with our obligations to all our customers within CN East and CN West. Any other tariff testing carried out as part of the project and in collaboration with other retailers, would also comply with our obligations under the Act. • Facilitating competition – We would engage with all retailers and other suppliers to ensure that competition in the market is not undermined. The Homes Demonstrator

	trial will be led by Milton Keynes Council. • Controlling costs – We aim for the scheme to be cost neutral to the customers of Milton Keynes. For any additional penalties they might have incurred during the month on the 2020 prices due to behaviour, we would settle at outturn. • Taking into account developments in our business – We regard this project as a critical step in developing our understanding of future commercial arrangements. With a smarter world, we would anticipate that these commercial arrangements will be required more widely and consequently our relationship with customers and suppliers will evolve over time. MK*Smart*2020 endeavours to test these hypotheses as outlined in appendices 5 and 6 of our submission.

Attachments:	