

Rachel Fletcher
Partner, Distribution
Ofgem
9 Millbank
London
SW1P 3GE

Antony Badger
Head of Supplier Management
Haven Power Limited
The Havens
Ransomes Europark
Ipswich
Suffolk
IP3 9SJ

Sent via by email to nicholas.rubin@ofgem.gov.uk

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Dear Ms Fletcher

Consultation on request from CE Electric UK (NEDL) to publish use of system (UoS) charges that are not in accordance with its charging methodology (reference number 79/11)

Thank you for the opportunity to respond to the latest Ofgem consultation relating to a request for changes to Use of System (UoS) charges by a Distribution Network Operator (DNO); this letter sets out our response.

Haven is a smaller non-domestic electricity supplier which was set up in 2006 to supply SME customers; our portfolio currently contains ~35,000 SME customers across the country. In 2009, we expanded into the I&C sector and now supply ~600 customers.

We took a keen interest in the development of the Common Distribution Charging Methodology (CDCM) and its subsequent implementation which resulted in some significant movements in UoS charges. The practical enactment of these was far reaching within the marketplace and required significant resource within our own business to:

- assess the materiality of the changes;
- implement the new UoS charges within pricing tools;
- update billing systems; and most importantly
- explain the changes and their impact to customers.

After some significant movements in UoS charges as a result of the introduction of CDCM, we expected to see a period of stability and for UoS charge changes to return to being managed in a controlled and timely manner after the introduction of CDCM. Unfortunately we have not seen this. The latest consultation is not the first request for changes to UoS charges outside of the "business as usual" methodology and timetable this year that has arisen because of errors made by the DNO concerned.

Clearly, some DNOs have failed to embed the new regime and CDCM model into their businesses and have not developed the required processes with appropriate levels of input and output data validation checks to support its operation. As a result, the marketplace is subject to more UoS charge volatility than should be necessary and ultimately consumers will pay more as suppliers pass on the cost of implementing these changes.

Haven, like many other suppliers will not be able to maintain on an enduring basis the level of operational and financial resource required to support a constant stream of changes to UoS charges which is damaging to our business and customers.

We understand Ofgem's view that the changes as set out in this consultation will leave customers in a position equivalent (or as close to as is possible) to no error being made in the first place. For the benefit of consumers, we strongly urge Ofgem to bring forward proposals that are in keeping with the objectives of the CMCM regime – greater transparency and stability of UoS charges. There are a number of ways that this could be achieved, for example by allowing only annual changes and requiring DNOs to give greater notice of intended changes.

Yours sincerely

Sent via by email to nicholas.rubin@ofgem.gov.uk

Antony Badger
Head of Supplier Management

Email antony.badger@havenpower.com
Direct Dial 01473 707182