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<i>Our Ref</i>	<i>Your Ref</i>	<i>Direct Line</i>	<i>Date</i>
	58/11	0117 9332175	17 <sup>th</sup> June 2011

Dear Nicholas

**Charges for pre-2005 Distributed Generators' use of DNOs' distribution system – proposed guidance**

Please find attached the response from Western Power Distribution to the above consultation document. The response is not confidential.

If you have any queries with regard to this response, please do not hesitate to contact Simon Yeo on 0117 933 2349.

Yours sincerely



ALISON SLEIGHTHOLM  
Regulatory & Government Affairs Manager

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**Chapter 3 Principles and circumstances for refunding pre-2005 DGs**

**Question 1:** Is our description and interpretation of historical charging arrangements (including connection and use of system agreements, charging statements, determinations, regulatory precedents) complete and accurate? If not, please provide supporting evidence setting out any issues that you identify.

Yes the description is complete and accurate.

**Question 2:** Do you agree with our rationale for only allowing refunds for instance of double payment to be funded through the price control?

Yes we agree with the rationale.

**Question 3:** Are there any other instances (beyond that of double payment) where refunds should be funded through the price control? If yes, please explain why these instances are appropriate and compatible with the regulatory regime as it has evolved over time.

We are not aware of any.

**Question 4:** Are there any other circumstances beyond capitalised O&M payments that may give rise to instances of double payment that should be reimbursed and funded through the price control? If yes, please explain why these instances are appropriate and compatible with the regulatory regime as it has evolved over time.

We are not aware of any.

**Question 5:** Do you agree with our proposed approach to calculating refunds for unexpired capitalised O&M payments? Please suggest any improvements to the approach outlined and reasons for these.

Yes we agree with the proposed approach.

**Question 6:** Where DNOs have entered into agreements that are/were inconsistent with regulatory practice (eg giving indefinite rights to use of system without further charge or entering into contracts that cannot be freely modified) do you agree that any compensation required by virtue of these contracts should not be funded through the price control?

Yes we agree that compensation should not be funded through the price control.

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**Chapter 4 - Implementation arrangements**

**Question 1:** In general are our proposals for implementing the refund arrangements considered by this consultation appropriate? Is the level of detail we have provided sufficient to make our proposals clear and workable? Please outline any areas where you think more clarity/detail is required.

Yes we consider the proposals appropriate.

**Question 2:** In the section “Consistent application of principles”, have we appropriately identified who is eligible for a refund? Do we need to provide any further areas of clarification? Which of the two options outlined for mixed sites (demand and generation) are appropriate?

Yes all Distributed Generation (DG) customers should be considered equally and consistently. However, the task of identifying which HV/LV generators are eligible for a refund is a difficult one. It may be more efficient for the onus of proof to lay with the generator as they need to provide the invoice/Use of System agreement etc.

Of the two options described Option 2 seems fairer.

**Question 3:** Are the evidence requirements set out in the chapter as necessary to support a case for refunding appropriate? Are they sufficiently robust to prevent ineligible claims for compensation being recovered through the price control? Are there additional or alternative assumptions that could be used for supporting a case for a refund?

The evidence requirements are reasonable.

The burden of proof should rest with the generators.

**Question 4:** Is our approach to due process appropriate? Are there additional or alternative steps that should be incorporated?

Yes. However, for most HV/LV sites the identification of whether they are eligible for a refund is problematic. These sites should be assumed to not be, unless they can provide evidence to the contrary.

**Question 5:** We welcome views on how refunds should be paid and the details of implementation. In particular, should it be a one-off payment, a phased payment or a hybrid of the two? If a refund is not a one-off payment, over what time period should it be paid? Do you agree with our proposals for refunds that are not agreed by 1 April 2012?

The refund should be paid in full as a one-off and then the customer should be charged against the April 1<sup>st</sup> 2012 tariffs.

**Question 6:** Do you agree with the mechanics for allowing DNOs to recover refunds through the price control?

Yes we agree.

**Question 7:** Do you agree with our proposals for dispute resolution where DNOs and DGs cannot reach a settlement by 1 April 2012? How can we encourage DNOs and DGs to reach a timely settlement? In particular, should use of system charges in respect of the DG be logged up and back-billed once a refund has been settled on? If these DGs do not have these charges back-billed, how should these charges be recovered by the DNO from other customers?

The Use of System charges should be paid in full by the suppliers and CVA generators and any dispute reconciliation should be calculated subsequently. This is consistent with the current DCUSA dispute resolution process.