

LCN Fund Full Submission

Supplementary Answer Form

Tick if this answer is Confidential: ☐

Tick if this answer has been provided verbally: ☐

Project code:	WPDT2003	Question Number	8
Question date	30 August 2011	Answer date	5 th September 2011
Submission section question relates to	Project Description		
Topic	Charging		
Question	You mention that a new variable tariff will be available to customers which will be aligned to the wholesale cost of energy. Who is levying these tariffs and are they in addition to normal DUoS tariffs? If so how will revenue recovered from them be treated in terms of your price control allowance?		
Notes on question			
Answer	<p>In general the implementation of variable tariffs will be facilitated by the installation of smart meters. Energy retailers are likely to align the wholesale costs of energy with customers' bills. Variable tariffs may alter customers' behaviour and subsequently their impact on the distribution network, especially at peak periods; it also increases the business case for domestic storage.</p> <p>In BRISTOL all customers will still retain their existing energy tariff which will be levied by their existing retailer throughout the trial. A number of variable tariffs will be developed in conjunction with npower.</p> <p>Domestic customers will have a pseudo tariff implemented allowing them to reduce their energy bill by responding to the variable tariff (reducing their energy consumption during peak energy periods by transferring demand to other periods of the day). The effects at the substation level will be measured by the LV Network Manager.</p>		

	<p>Domestic customers will receive their existing energy bills from their energy supplier but will receive a payment from BRISTOL, for any response to the variable tariff which would have reduced their energy bill.</p> <p>Any changes in behaviour will be recorded through the LV Connection Manager and a payment to users from the BRISTOL project will compensate the difference between domestic customers' actual energy bill paid by the domestic user to their existing supplier and their energy bill had the variable tariff been implemented.</p> <p>Variable DUoS rates have been considered during the development of BRISTOL however we are not proposing to alter the DUoS revenue from customers as the variable tariffs implemented will be simulated.</p>
Attachments	
Verbal Clarifications (Consultants)	