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Dora Guzeleva
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Ofgem
9 Millbank
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By Email only

12 March 2013

Dear Dora,

Notice under section 11A(2) of the Electricity Act 1989 – proposed modifications to Special Condition CRC 7 of the Electricity Distribution Licence

Thank you for the statutory consultation on the proposed modifications to CRC7 to extend the time to make a direction on the value of the Residual Distribution Losses Incentive (PPL) term for the Distribution Losses Incentive Mechanism (DLIM). We would like to make the following representations regarding this proposed modification.

Whilst we agree that it is important that the final PPL terms are calculated on the basis of accurate and robust data, there should continue to be a firm timetable for resolution. We suggest that in 7.7, “no later than 1 April 2013” is replaced by “no later than 1 July 2013” rather than being deleted entirely.

We are concerned that a process that has already involved participants from across the industry since the spring of 2010 runs the risk of being extended indefinitely. We believe that the data assurance process can be concluded relatively quickly in conjunction with the Ofgem team and expect that it is in all parties’ interests to resolve any issues in a timely manner to allow this matter to be drawn to a conclusion as swiftly as possible.

We do not believe that any extension should become an opportunity for parties to destabilise the process by introducing new methodology issues as time progresses. We note that a supplier has now proposed an alternative methodology for data correction despite making no such suggestions throughout the extensive industry dialogue on this issue during 2011 and 2012. It should not be forgotten that the issue has been caused by the actions of suppliers in making substantial adjustments to settlement data in 2009/10, without being able to provide detailed analysis or justification for the data adjustments that have occurred.

Please contact me or Mike Attree if you wish to discuss this or any related matters.

Yours sincerely,



Tony McEntee

Head of Head of Customer Contracts and Supplier Liaison

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