



Ofgem Consultation - Consultation on Electralink's proposed expansion regarding electricity-related activities

Response from E.ON

General Comments

We support the principle to allow Electralink to continue to expand and offer electricity related services to the industry and therefore agree with the proposed amendment to the Electricity Distribution Network Licence.

Electralink have proved they are capable of delivering high service levels to the industry in those areas where they have expanded their commercial functions to date.

Therefore we would welcome the expansion of their allowed remit of activity to include bidding for services to the DCC and its sub-contractors and for governance services to support the Smart Energy Code.

Data Transfer Services Agreement (DTSA)

The consultation raised a number of points with regard to the current governance of the Data Transfer Service (DTS) which we would like to respond to.

We believe that the DTSA is no longer the appropriate governance arrangement to safeguard the users of the DTS. Recent experience and new industry developments have shown the weakness of the current arrangements.

Recent issues include:

SMIP Support Activity in 2011/12

The issues that arose with regard to the use of DTSA to provide resources to support the Government's Smart Metering Implementation Programme (SMIP) highlighted flaws in the dispute process and a lack of clarity as to Ofgem's role in its change control. This undermines the assertion that the DTSA includes an 'Ofgem controlled charging methodology'.

More robust governance for the DTSA which embodies the principles of good governance articulated by Ofgem in its recent Code Governance Review would be helpful for users of the service. We do not believe that the current governance arrangements provide for this.



Green Deal

In the consultation, and associated letter from Electralink to Ofgem, there is a view expressed that the current commercial arrangements are acceptable as no user of the DTS is obligated to use the service. The position is articulated that the governance arrangements, with limited regulatory scrutiny, are therefore acceptable.

This is not an accurate reflection of arrangements since the Government introduced the Green Deal. Within the Green Deal Access Agreement (GDAA), which Suppliers are obliged to be party to via their Licence, and all Green Deal Providers are required to sign to provide Green Deals to customers, there is a requirement "for their only method of communication for inputting or amending information held on the Central Charge Database to be the Data Transfer Network".

This obliges therefore all parties to the GDAA to also be party to the DTSA and places this agreement on a similar regulatory footing as those other industry codes which Licenced entities are required to abide with.

For this reason it would seem appropriate to strength the governance around the DTSA, improve the clarity of communication, stakeholder engagement and regulatory involvement.

This view was recognised by DECC when considering the governance arrangements that should be put in place for the communication service that will be required for users of the DCC. It was concluded that the arrangements for this service would best be governed under the Smart Energy Code (SEC). The reasons for the decision were logical and similar to those that we believe apply to the DTSA.

Options for the future governance of the DTSA

There are a number of options available to improve the existing governance arrangements. These include amending the existing governance arrangements to ensure compliance with the recommendations of the Ofgem Code Governance.

However this may be costly in terms of additional governance administration costs. It may also not provide any certainty with regard to the desired outcome of engaging more users of the DTSA in the governance arrangements. As a result of there being an ever increasing number of industry codes for stakeholders to be involved with and the relative commercial value of the DTSA may always leave it lower in users priorities compared to other Codes.

An alternative may be to incorporate the DTSA governance within an existing code. It would then be able to use the code governance arrangements of this other Code to ensure that the requirements of greater stakeholder involvement and regulatory scrutiny were achieved. It would also be possible to



leverage the benefits of shared administrative costs and therefore reduce costs for the industry as a whole.

There would seem to be 2 logical existing Codes where the DTSA governance could be included; the Distribution Connection and Use of System Agreement (DCUSA), as the service is a DNO obligation, or the Master Registration Agreement (MRA), which has the related governance of the Data Transfer Network data messages and Green Deal services.

We have no preference as to which of these existing Codes are used as both we believe are good examples of industry governance that would make suitable homes for the DTS services.