

Consultation ref. 194/12

Electricity distribution charging: consultation on a derogation under SLC 13A.14 to relieve Southern Electric Power Distribution plc of its obligation to charge a customer under the CDCM; and seeking views on treatment of certain types of CDCM customers

This is the response of the customer in respect of which the above proposal to apply a derogation under SLC 13A.14 has been made by Ofgem.

We support the proposal to apply the derogation for 2 years from 1/4/12, for the technical and commercial reasons set out in the Ofgem consultation letter dated 20 December 2012.

We would, in addition, highlight the following particular considerations that, in our opinion, reinforce the case for the temporary derogation. This would allow us to explore fully with SSE what options may be available to ensure, as far as possible, that the charges proportionately reflect the SSE assets involved in our 11kV supply, and give time to implement any agreed regulatory, technical or commercial changes:

1. There is a relatively small infrastructure owned and maintained by SSE in the provision of this 11kV supply, due to historical reasons and the nature of our site.
2. In particular, there are no SSE assets downstream of the metering point located at the end of a single 11kV cable.
3. The customer had been given to understand, based on advice given prior to late 2011, that its supply contract qualifies for EDCM, and believes it should be treated as such. It is aware of only one possible aspect in which the infrastructure might be deemed not to meet licence condition 13B.6 regarding definition of the charging boundary for designated EHV properties, namely that the metering equipment is located in a building separate from the 132/11kV transformer. A determination not to continue with site-specific charging under EDCM would therefore appear to rely upon a very narrow interpretation of licence condition 13B.6. It should be noted that moving the metering point would incur expense for the customer but would provide no technical or functional added value.
4. The sub-station, 11kV cable and building containing the metering point are wholly contained within the customer-owned secure site.

We recognise the need for a rapid decision on whether to apply the proposed derogation in this case, in view of the time constraints set by the timetable for issuing new charges for 2013-14. We understand the new charges have to be drawn up and issued by 20 February and it would be helpful to all concerned if this matter could be concluded prior to this date.