

CHAPTER: Three

Question1: Do you agree with our approach to assessing the impacts of P272?

Yes.

Question 2: Are there any additional, material impacts that we should consider?

No.

CHAPTER: Four

Question3: Do you agree that P272 would drive suppliers to encourage DSR among their customers? Balancing and Settlement Code Modification Proposal 272 – draft impact assessment

If P272 is mandatory, with appropriate protection for these customers from a sudden increase in distribution charges, there is potential for them to become involved in DSR which does not exist today, as elective switching levels are very low.

Question 4: Do you agree with our approach for quantifying the value of load shifting and load reduction, including the assumptions we made? Is there any evidence we have not identified that could inform our analysis?

Without having the capability to replicate the analysis in detail, at a qualitative level it appears reasonable. We would observe that the quantification of DSR appears less certain than the quantification of forecasting benefits.

Question 5: For those impacts stemming from suppliers reducing the costs of supplying energy (for example, by promoting DSR) that we did not quantify, do you have any suggestions on how we might do so?

No comment.

Question 6: Do you agree with our approach to quantifying the value of improved forecasting, including the assumptions we made?

The approach seems reasonable.

Question 7: Could the costs of investing in forecasting capability for HH demand impact disproportionately on smaller suppliers or on new entrants?

Our own business model requires us to forecast for HH in any case; once systems are in place to process HH data files the addition of further HH customers is a capacity, not a capability issue. For a smaller supplier supplying only NHH there could be costs associated with system development and accreditation.

CHAPTER: Five

Question 8: Do you agree that we have correctly identified the cost savings that suppliers could realise in managing the settlement process?

One area of potential additional costs for suppliers arises from a potential need to have a HH MOP contracts with multiple agents in order to manage churn in of COP10 metering. Historically customers have directly contracted with their HH MOP; this is not the case with NHH AMR and it remains to be seen how these existing AMR contracts can be converted to HH MOP without a negative impact on customers and increased administrative costs for suppliers who will have to manage more contracts.

Question 9: Do you agree with our assumption regarding the typical size of data quality teams employed by suppliers?

We can best make this judgement from the perspective of a small supplier; the team of 15 assumed for data validation for a small NHH supplier does not seem unreasonable.

Question 10: Do you agree that meters of consumers in Profile Classes 5-8 are mostly read at the end of each month?

We generally aim to read AMR meters on the first day of the month following the month of consumption.

CHAPTER: Six

Question 11: Do you agree with our approach to quantifying the costs of P272 for suppliers and DNOs? If not, we encourage respondents to suggest alternative approaches.

We feel that these costs are difficult to quantify but from our own perspective we would view supplier costs as being at the lower end of the scale and mostly related to upfront costs.

Question 12: We welcome evidence from smaller suppliers of larger non-domestic consumers on the costs they could incur if P272 is implemented.

Our main concern as noted above is in the potential for upfront costs relating to regulatory engagement, potential amendments to existing supply contracts and communicating these to our customers, staff training, execution of COMCs and on an ongoing basis increased agent costs and additional costs incurred through contractual complexity. Quantifying these costs is very difficult at this stage.

Question 13: We welcome information from suppliers on (1) how many consumers would need to move electively for them to incur upfront costs and (2) the costs that would be incurred, broken down by the cost categories listed in this chapter.

We do not see large movements of consumers unless either the change of measurement class is mandated or the DUoS charging environment for PC 5-8 customers moving to HH is made less unattractive. As a supplier with a relatively small NHH portfolio we perceive the move to HH for these consumers as generally cost-reducing once upfront costs have been incurred.

Question 14: Would consumers incur costs from termination of contracts with Supplier Agents? If so, we welcome information that could help us to assess these costs.

These costs could potentially arise if a customer's current AMR provider was unable to provide HH MOP services and the new HH MOP insisted on installing its own meters. Termination charges could potentially be payable on the AMR meters being removed.

CHAPTER: Seven

Question 15: Do you have any comments on the results of our quantitative analysis?

No further comments.

CHAPTER: Nine

Question 16: If P272 is approved, would it be possible to implement the modification in less than fourteen months?

To be achievable, this timeframe would have to be supported by strong industry project management across the different Codes and a centralised communication plan for customers which would make it clear this is an industry driven change. A modification to ensure that there is continuity in DUoS charges for these customers must also be progressed in parallel and go live simultaneously with the implementation of P272.