

By email to smartermarkets@ofgem.gov.uk

Avonbank
Feeder Road
Bristol
BS2 0TB

Telephone 0117 9332382
Email nrichardson@westernpower.co.uk

Jonathan Amos,
Smarter Markets
Ofgem
9 Millbank
LONDON SW1P 3GE

Our ref

Your ref

Date

23 December 2013

Dear Jonathan

BALANCING AND SETTLEMENT CODE MODIFICATION PROPOSAL 272 – DRAFT IMPACT ASSESSMENT

I am writing on behalf of Western Power Distribution (South Wales) plc, Western Power Distribution (South West) plc, Western Power Distribution (East Midlands) plc and Western Power Distribution (West Midlands) plc.

Please see below WPD's responses.

Question 1: Do you agree with our approach to assessing the impacts of P272?

We agree that the approach taken is reasonable.

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

No.

Question 3: Do you agree that P272 would drive suppliers to encourage DSR among their customers?

No comment.

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?

No comment.

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?

No comment.

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

No comment.

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

No comment.

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

No comment.

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

No comment.

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 agree that the approach taken is reasonable.

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

No comment.

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.

No comment.

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.

No comment.

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

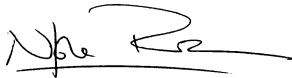
No comment.

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

No. It would be difficult to implement the modification in less than fourteen months; in fact a longer lead time would be preferable. If P272 is approved WPD will need to procure and install additional hardware, implement system changes and increase staffing deployed on Use of System billing and Connection Agreement activities. Additional resource will also need to be deployed in areas such as tariff calculation and management. It should be recognised that an implementation date of April 2015 will require these activities to be undertaken at a time when resources are already under pressure, due to development work needed for the Smart Metering Program.

If you wish to discuss this response please contact Graham Smith at grsmith@westernpower.co.uk

Yours sincerely

A handwritten signature in black ink, appearing to read 'Natasha Richardson', with a horizontal line underneath.

NATASHA RICHARDSON
Regulatory Compliance Manager