

21 December 2017

Robyn Daniell  
Office of Gas & Electricity Markets (OFGEM)  
9 Millbank  
London  
SW1P 3GE

Dear Sir

## **DCC Price Control Consultation: Regulatory Year 2016/17**

As you are aware Energy Networks Association (ENA) is the industry body representing the UK's electricity and gas transmission and distribution networks operators. The following comments are provided by ENA on behalf of its Member Companies to the consultation on the DCC Price Control 2016/17. Our comments are submitted in support of any individual submissions that have been provided by our members.

With reference to the above consultation ENA would like to make the following general points:

Although our DNO members generally agree that a comprehensive assessment of justification for costs has been carried out we are concerned that this is not being placed in the context of the affordability to the overall energy sector. DNOs are very concerned that we have already seen a 15% increase in the costs they pay to DCC for the next regulatory year. As we continue to add more activities into the DCC, such as SMETS1 enrolment, we are concerned that costs will quickly exceed any realistic benefits case that a DNO can achieve.

We are additionally concerned at the high costs of even simple changes to the DCC system. This seems to be a systemic issue that has occurred repeatedly. We appreciate that this is an issue that may have already been highlighted but we take this opportunity to reiterate our concerns and stress the importance of finding a prompt resolution of this important matter. A large national system such as DCC will undoubtedly require changes, tuning and enhancements as it adapts to real operational conditions and new advances in technology. Our concern remains that DCC will not provide the cost base to facilitate this much needed level of dynamism in the market.

Finally we are concerned to note that many aspects of the rollout on DCC's outputs appear to be suffering delays. As a result of this, we would like to take this early opportunity to highlight to Ofgem that the RIIO-ED1 framework only permits us to treat DCC's costs as pass-through until the smart meter roll out is complete in the year

ending 31 March 2021. We therefore encourage Ofgem to consider extending the pass-through window to the end of the price control period given the smart meter roll out delays and DCC cost overruns, both of which are outside of the DNOs' control.

Yours faithfully

A handwritten signature in blue ink that reads "David Smith".

**David Smith**  
**Chief Executive**

Delivered via email to [smartmetering@ofgem.gov.uk](mailto:smartmetering@ofgem.gov.uk)