

Electricity North West

304 Bridgewater Place, Birchwood Park
Warrington, Cheshire WA3 6XG

Telephone: +44(0) 1925 846999

Fax: +44(0) 1925 846991

Email: enquiries@enwl.co.uk

Web: www.enwl.co.uk

Robyn Daniell
Smarter Metering
Ofgem
9 Millbank
London
SW1P 3GE

Direct line: 08433 114321

Email: john.lawton@enwl.co.uk

20 January 2015

Dear Robyn

DCC Price Control Consultation: Regulatory Year 2014/15

Thank you for the opportunity to comment on your thoughts regarding the DCC Price Control Regulatory Year 2014/15.

We recognise the importance of this consultation as the price control for DCC has implications for our costs and ultimately, the bills for our customers.

As there are still a number of unknown costs associated with the DCC, the ex post price control methodology is still appropriate for Regulatory Year 2014/15. However, going forward as per our consultation response to Ofgem's '*Proposals for DCC's role in developing a Centralised Registration Service and penalty interest proposal*' we support a move to a more ex ante model.

Once the DCC price control is in steady state and the control is moved to an ex ante basis, elements of the RIIO price control approach could be adopted including assessing productivity improvements, real price effects, and ensuring that DCC is being innovative to deliver cost efficiencies and outputs.

We are supportive of the Ofgem's decision that were any DCC costs have not been justified as economic and efficient that these are deemed as unacceptable costs. We are supportive of Ofgem's view that they would require DCC to establish more processes to demonstrate value for money on certain cost items. For example, for external costs which are expected to increase significantly for 2015/16 compared to the magnitude of increase in 2014/15.

We welcome Ofgem's decision to encourage DCC to be more transparent when consulting on changes to costs. DCC could go further in the level of detail it includes in its quarterly Indicative Charging Statement. Specifically for those forecast costs which have been identified by Ofgem as an area where DCC has not provided sufficient evidence to demonstrate value for money.

In addition, we would encourage the DCC when completing cost assessments for solutions to consider and consult on the wider cost to industry (and ultimately customers). For example, the DCC could have included within a cost assessment and consulted upon the option of the DCC becoming a Data Transfer Network (DTN) user and implementing a DTN gateway when developing a solution for the Registration Data Providers (RDP) interface. Instead a new RDP interface has been designed at significant cost and complexity for DCC users but which ultimately relies on the same source data transmitted over the legacy DTC and legacy industry processes.

Our experience of DCC's engagement has on the whole been positive, and we find the DCC Industry Days sessions tailored towards the needs of specific SEC parties helpful. However, we would welcome the DCC broadening this approach to other forms of engagement. For example, the DCC Service Desk could start to filter their email notifications towards the needs of specific SEC parties and so avoid SEC parties receiving unnecessary emails.

Finally, as per our response to last years' DCC Price Control Consultation 2013/14 we note that Ofgem is yet to develop quality of service DCC reporting. We are still of the opinion that Ofgem could consider adopting the data assurance requirements to ensure that DCC's submissions have the appropriate level of review and sign off.

I hope these comments are helpful. Please do not hesitate to contact me if you want to follow up on any particular point.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'J Lawton', is positioned below the 'Yours sincerely,' text.

John Lawton
Regulation Manager