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Dear Andrew,

DCC Price Control Consultation: Regulatory Year 2014/15

We welcome the opportunity to respond to this consultation on the review of DCC's price control. We appreciate that we are too late to respond to your consultation but we wanted to express our support for your proposals.

As such, we have provided overarching comments rather than responses to your specific questions and we look forward to engaging with Ofgem further on this topic in 2016. Please see the attached Annex and if you have any questions or comments, please do not hesitate to contact me.

Yours sincerely,

Samantha Cannons
Industry Codes



Annex 1: SSE response to DCC Price Control Consultation: Regulatory Year 2014/15

SSE supports Ofgem approach to assess the costs of DCC by:

- scrutinising the evidence DCC provided;
- conducting a cost visit and some benchmarking analysis;
- scrutinising future forecasts and proposing that DCC remove costs that are unlikely to be incurred, or where they have been found to not economic be and efficient.

We particularly welcome the undertaking of a forensic audit review of DCC's reporting, processes and procedures. To aid improvements in this approach, we propose a Lessons Learned review to provide input into further guidance and potential enhancements. We support the further expansion of DCC's benchmarking activities and we agree that this needs to be consistently applied.

The recommendations from the forensic audit review are strongly supported by SSE. We agree that for future procurements DCC should ensure it has sufficient detail on the evaluation process, in particular how cost and quality are assessed and weighted. This will be critical for procurement activities that DCC may undertake in the future, dependent on the outcome of current consultations.

We agree with the proposals set out to adjust DCC's total and forecasted Costs and we concur with the rationale provided, that these costs have not been sufficiently justified as economic and efficient. Whilst there has been improvement on the level of Industry engagement by DCC, we expect this to be enhanced further to ensure that there is consistency in the engagement approach across different activities, and that the engagement is timely and transparent to Industry on DCC's progress and costs.

SSE looks forward to engaging with Ofgem in early 2016 on the design of DCC's operational incentives.