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DNPC07 Consultation

Dear Tim

Thank you for the opportunity to respond to this consultation. Please find our response to the specific questions below.

1. Should the Charging Methodology be changed so that the capacity element of the LDZ System charges is set to recover 100% of the revenue from the LDZ system charges, and the commodity element is set to zero, compared with the current 95%/5% target split?

   In light of the change in the latest price control it seems reasonable to set the commodity element in the LDZ system charge to Zero. It is proposed that the charge type should remain, but set to zero. We believe this should be reviewed as part of project Nexus to ascertain if it is worth removing.
   There may be wider implications of this change, namely that moving to an entirely capacity based charge will mean we cannot adjust commodity charges via Reconciliation. This doesn't encourage suppliers to give customers the benefits of energy efficiency. It also makes accurate AQs in the Industry even more important and supporting the need for rolling AQ. Although the gas (GRE) element of the charge would still be reconciled, in the Reconciliation invoice at the moment for individual meter point recs this GRE line doesn't contain much information. Shippers might find it beneficial if more detail was added into this GRE line. For example the GRE line for LSPs doesn't contain the energy value we are being reconciled for. It only contains the charge and period it relates to meaning it cannot be validated?

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2. 2. Should Interruptible supply points pay 50% of the firm LDZ System capacity charge so as to maintain the value of the discount received by interruptible supply points at its current level, on average?

   This seems a sensible solution.

3. Should this change be made with effect from 1st April 2011?

   We are comfortable with this implementation date.

If you have any questions regarding our response, please contact me.

Yours sincerely

G D Sheern