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BY EMAIL

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Dear Tim,

DNPC08 Review of Standard LDZ System Charges

ScottishPower would like to thank the Joint Office for the opportunity to respond to the above consultation paper. Our response is non-confidential and we are happy for it to be published on the Joint Office website.

1. Should we move to a charging structure which reflects individual network costs?

We welcome the desire for more transparency within charging and would support, in principle, the intention of DNs moving to a charging structure that is more reflective of the demand and costs placed on it. However it should be noted that an unintended consequence of this may be that each DN develops a different charging function that is appropriate to that DN only. In doing so, this may remove the element of transparency and make it more difficult for Shippers to validate the charges invoiced to them.

ScottishPower would like to propose that the DNs implement a common structure or approach to charging across the various networks. This would allow for the most transparent comparison across all networks and is in line with developments in the electricity industry and the introduction of the Common Distribution Charging Methodology (CDCM).

2. Do you agree that, based on the analysis shown, transportation to CSEPs and directly connected loads should use the same charging function?

In line with the comments above, we would welcome a common approach which is more cost-reflective. Therefore we acknowledge that there may be a number of benefits in standardisation and simplification that can be achieved from using the same charging function for CSEPs and directly connected loads.

3. Which of the three options (parameter update, best fit and common option) would you prefer to be implemented and why?

In principle we believe that customers should not be disadvantaged purely because of the part of the network they connect to, or the assets that they use, particularly as they have no way of influencing the decisions that led to this. We would therefore need to be convinced of the benefits of any option where this was the case, before we could offer support.

ScottishPower notes that at the Distribution Charging Methodology Forum (DCMF) in September there had been discussion over the sample data used and the ability of Shippers to determine the full implications of each option. We understand that DNs took an action to provide further information on these points. As such, we feel that it would be inappropriate to comment further until this information has been made fully available.

4. Is there any reason why the proposal should not be implemented from 1st April 2012?

We welcome the change of implementation date from the original intention of 1 April 2011 to 1 April 2012. We feel it would be imprudent to allow DNPC07 and DNPC08 to be introduced at different times due to the extent of changes Shippers would be required to implement.

However, in relation to this we note that the consultation is based solely on capacity based charges, which would indicate that commodity based charges may also have to change dependent on whether the DNCP07 proposals are implemented. If DNCP07 was to progress we would require more detail on what this would mean for the DNCP08 proposals. This could possibly impact on the proposed implementation date of 1 April 2012.

I hope you find these comments useful but please contact myself if you wish to discuss further.

Yours sincerely

David McCrone
Commercial Analyst