



Patrick Cassels
Ofgem
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Emailed to: FutureChargingandAccess@ofgem.gov.uk

6th December 2021

Dear Patrick,

Response to “Consultation to descope the wide-ranging review of Distribution Use of System (DUoS) charges from the current Electricity Network Access and Forward-Looking Charges Significant Code Review (SCR) and take it forward under a dedicated SCR with a revised timescale”

Drax Group plc (Drax) owns two retail businesses, Drax Energy Solutions (formerly trading as Haven Power) and Opus Energy, which together supply renewable electricity and gas to over 350,000 business premises. Drax also owns and operates a portfolio of flexible, low carbon and renewable electricity generation assets – providing enough power for the equivalent of more than 8.3 million homes across the UK. This is a joint response on behalf of Drax Energy Solutions and Opus Energy and is non-confidential.

Our responses to the questions posed in the consultation are appended. If you would like to discuss any aspect of this response, please let us know.

Yours sincerely,

Paul Bedford
Industry Governance Officer
Drax Group plc



Appendix 1: Responses to consultation questions

1. Do you agree with our proposal to descope DUoS from the Access SCR and take it forward under a dedicated SCR with revised timescales?

Yes, we understand the rationale for de-scoping and support the commitment to issue a direction in early 2022 on the connection boundary and access rights proposals in time for implementation from 2023. This should reduce uncertainty for industry and consumers.

We agree with the general principle that the wide-ranging review of DUoS should be de-scoped and taken forward under a separate vehicle from the original Access and Forward-Looking Charges (AFLC) SCR. We believe additional time is needed to shape the DUoS charging reform and take account of other policy developments. In our view, the timeline for an effective wider review and implementation will take a significant amount of time and at least until April 2027.

2. What are your views on timescales for implementation of DUoS reform? How does this interact with wider market developments and what do we need to take into account?

The scope of DUoS reform will be influenced by other policy developments making it imperative that industry is given adequate lead-time to implement and embed change. If an early implementation date were to be proposed, then only superficial changes to the DUoS charging framework would be achievable.

Given the high volume of change that industry already needs to deliver, we would recommend that implementation of DUoS reform is scheduled after major programmes of work, such as Market-Wide Half Hourly Settlement (MHHS), are implemented. This should help to minimise the amount of concurrent and interdependent change.

MHHS implementation is currently scheduled for October 2025. In our view the earliest practicable implementation date following the standard 15 months' lead-time for DUoS price changes, is April 2027.

Many customers value the certainty that fixed-price contracts provide over several years. Clear timelines for implementation, with as much notice as is practically possible, is needed following publication of a decision.

3. What areas of interactions of DUoS with wider developments in policy/industry do we need to consider in our review?

As referenced within the consultation, work on DUoS charges will be influenced by Ofgem's 2021/22 forward work programme.

In line with our response to question 2, we believe that work on MHHS, which is currently scheduled for delivery for October 2025, should be amongst the wider developments that are considered, and that implementation of DUoS reform should be delayed until after MHHS has been implemented when any associated implications for DUoS reform are better understood.

4. Have we considered all the impacts of a phased approach to delivering the original scope Access SCR?

Key impacts appear to have been captured.



5. Do you have any views on our proposal to retain the scope and governance arrangements of the original Access SCR?

It is important that industry is given adequate opportunity to participate in the review and sufficient lead-times to implement and embed change. We therefore support the proposal to mirror the scope and governance arrangements of the original Access SCR.

Given the significant impacts that changes to the charging framework could have on non-domestic consumers, if the SCR is taken forward, we believe the Challenge and Delivery groups should explicitly include suppliers that specialise in the non-domestic market.

6. Do you have any other information relevant to the subject matter of this consultation that we should consider?

We have no additional comments at this time.