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By email – FutureChargingandAccess@ofgem.gov.uk

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Dear Patrick,

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

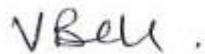
Thank you for providing us with the opportunity to provide feedback on the proposals to descope the review of DUoS charges from the current Access SCR. We would like to highlight that DUoS revenues allows us to recover economically efficient costs incurred in running our iDNO business and therefore any proposed potential change to how DUoS is calculated or recovered will have significant impacts. Should you deem it necessary to proceed with a standalone SCR focused on DUoS reform I would urge you to continue engaging with us and the wider iDNO community to ensure our concerns continue to be heard and represented.

We would have preferred the question of reforming DUoS to have been considered in parallel with the ongoing SCR on Access Rights, rather than being de-scoped into its own SCR. We think that it is important for any DUoS changes arising from the SCR have cognisance of the work already undertaken within the original scope of the Access SCR. This is because there is a clear connection between the two topics, and reforms arising from the Access Rights SCR may require changes to the way DUoS is charged or recovered. It is important to recognise that, to some extent, divorcing changes to the connection charging boundary from the reform of use of system charging methodology will lead to distortions in the allocation of costs, undue cross-subsidies across different customer groups and inappropriate signals to consumers. As such we think that it is important that where opportunities arise to bridge this gap before the conclusion of the SCR that Ofgem develop the governance of the SCR to allow low regret options to be progressed.

We are aware of the work undertaken with representatives of the INA on DUoS reforms under the Access SCR and particularly the work undertaken to consider how reforms would impact on iDNOs. We fully support the work completed and believe that this work now needs to be considered fully under the new SCR. Equally, we fully support continued engagement with the INA in representation and development of work under the new SCR.

We look forward to reviewing any decisions and published next steps on the proposed DUoS reform and to your continued engagement.

Yours sincerely



Vicky Bell
Head of Regulation and Compliance
For Leep Electricity Networks Limited