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Via email to FutureChargingandAccess@ofgem.gov.uk

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December 6th, 2021

Dear lisan,

RE: Consultation on our proposal to take forward the reform of Distribution Use of System charges under a separate Significant Code Review on revised timescales

ESP Electricity Ltd ("ESPE") is a licensed Independent Distribution Network Operator ("IDNO") in the GB market and is regulated by Ofgem in accordance with its duties. ESPE is part of the ESP Utilities Group, which also consists of independent gas distribution networks and a newly created New Appointments and Variations business in the water sector. ESPE serves both domestic and non-domestic consumers.

Given the above, the consultation subject will directly impact ESPE's current business practices as we receive DUoS charges to recover our efficient economic costs of running our electricity distribution networks. We are broadly supportive of the intent to take forward reform of Distribution Use of System (DUoS) charges under a separate SCR as we view it as an important matter in light of ongoing industry change and transition. However, given that there will likely be significant impacts from changes to made to the access rights of large consumers and the connection boundary for new connecting consumers, this would ideally have been considered in parallel with the existing SCR on Access Rights.

If you wish to discuss any of the issues raised in our response or have any queries, please contact us at Regulation@espug.com or on 01372 587500.

Kind regards,

A handwritten signature in black ink, appearing to read "Vicki Spiers".

Vicki Spiers
Business Operations Director

Appendix 1: Responses to consultation questions

Question 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?

We agree with the proposal to descope DUoS from the Access SCR on the basis that it is unfeasible to implement DUoS due to lack of development under the current reform.

However, we are disappointed with the lack of direction and action thus far which has necessitated this change of approach and would have preferred to have the entirety of the reform scope be implemented in tandem, given the impact of changes to access rights and the connection boundary on electricity users and the benefits that could materialise from reflecting these changes in distribution charges.

Question 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?

We believe the timescales on the implementation of DUoS reform for 2025 are appropriate when considered as a whole, accounting for the notification period of DUoS charges, development period for policy consideration, impact assessment requirements, and the time required to develop and progress detailed proposals.

We would stress that this reform should be implemented as soon as possible, particularly as the current access reform has significant implications for revenue recovery that should ideally have been implemented alongside DUoS reform.

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

We note that the Market Wide Half Hourly Settlement reform will undergo the design, build and test phase for the large part of 2022 and would note that there may be changes from the outcome of that reform could potentially be included for consideration in DUoS reform.

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

We have not identified any additional impacts of a phased approach.

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

None.

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

None.