

2010–11 Price Control Teleconference

Tuesday 26<sup>th</sup> January 2010 (1400 – 1600)

Those who attended were:-

<u>Name</u>	<u>Company</u>	<u>Type</u>
Andy Manning	British Gas	Supplier
Michelle Green	Total Gas & Power	Supplier
Unidentified	nPOWER	Supplier
Bob Nicholson	Rio Tinto Alcan	Generator/Customer
Lorna Gibb	Scottish Power Energy Retail	Supplier
Julia Haughey	EDF Energy	Supplier

The SSE representatives were:

Mo Sukumaran	Pricing Manager
Donald Preston	Pricing – North
Angus Rae	Commercial Policy Manager

# **1 Welcome & Introductions. Angus Rae**

- 1.1 Angus welcomed attendees, and stated that this was the second SSE Stakeholder teleconference regarding Distribution Use of System (DUOS) charging and the first of SSE's DCP030 (DNO Cost Information) specific Stakeholder teleconferences.**
- 1.2 Introduced the SSE Team, and explained that Donald Preston would present on most of the Agenda items, and would welcome questions**

## **2 Review of DCP030 Information. Donald Preston.**

- 2.1 Key changes from previous submission (published October 2009)**
- 2.2 The October data was based upon a DPCR4 roll forward and, therefore, the impact of the change from DPCR4 to DPCR5 assumptions was not seen between 2009/10 and 2010/11**
- 2.3 The current (January 2010) tables show that for both SEPD & SHEPD the change in the calculation of the Base Revenue (from PU.GRt +PE (DPCR4)) to Ofgem determined PU (17 December 2009) values for DPCR5 result in changes of +c10% in 2010/11.**
- 2.4 In their letter of 17<sup>th</sup> December, Ofgem gave notice that the Base Revenue (profiled) would be adjusted for the DPCR4 losses roller, IFI and the Low Carbon Networks Fund incentives. This resulted in reduced "Allowed Base Revenue (PU)" figures which were then indexed from 2007/08 to nominal monies in the DCP030 tables.**
- 2.5 Losses: 2010/11 and 2011/12 the Losses Incentive (ILt term) has been set to zero. This is consistent with the Legal Drafting of the DPCR5 Licence Conditions, and reflects the move to calculating the Losses Incentive on Final Reconciliation (RF) Settlements data – hence a 14 month lag ensues.**
- 2.6 Indexation: RPI assumptions are detailed in slide 5 of the SSEPD presentation**
- 2.7 Over / Under Recovery: in years 2 to 5, inclusive, we assume that Final Collected Revenues will equal Forecast Allowed Revenues, and that the Recoveries will therefore be zero.**
- 2.8 Total Pass Through: for both SEPD & SHEPD we assume that actual expenditure will equal allowances, and that the Pass Through adjustment will therefore be zero. In the SHEPD Area the Assistance for Areas with High Electricity Costs has been modelled in monies of the day, and is shown as a negative Pass Through.**
- 2.9 QUESTION (Andy Manning, British Gas): Please confirm the items by which the Base Revenues have been adjusted, and are these in Row C?**

- 2.10 RESPONSE (Donald Preston): DPCR4 Losses Roller, IFI and the Low Carbon Networks Fund. The IFI & LCN are included in Row C, as are the losses in years 4 and 5.**
- 2.11 QUESTION (Julia Haughey): Do the increases in the Incentive Payments and Adjustments from 2012/13 reflect the inclusion of the losses incentive.**
- 2.12 RESPONSE (Donald Preston): primarily, yes. However, the total in Row C is calculated each year from the Ofgem's DPCR5 Financial Model, so in 2012/13 and 2013/14 will be the combined effect of these incentives, plus the losses**
- 2.13 Donald then invited any further questions. None were asked**
- 2.14 Expected outturn for 2009/10: current positions (as at December 2009) were confirmed as -£2.1m (SHEPD); and -£2.3m (SEPD) (both these being under recoveries).**
- 2.15 Donald stated that these would be reviewed at the year end, and the initial outturn figures published in the 1<sup>st</sup> April "K' Recovery Statement", which would then be updated with the audited outturn 'K' positions in the 31<sup>st</sup> July "K' Recovery Statement" – both of which will be posted at [www.ssepd.co.uk](http://www.ssepd.co.uk).**
- 2.16 Donald stated that should any of those attending the teleconference wish to submit written questions on DCP030, he'd be happy to deal with these. Such questions should be emailed to Angus Rae.**

### **3 2010/11 Indicative Charges. Donald Preston.**

- 3.1 Published on 22<sup>nd</sup> December 2009.**
- 3.2 LC14 Statements etc and CDCM (HV/LV) models published at [www.ssepd.co.uk](http://www.ssepd.co.uk)**
- 3.3 EHV charges calculated on roll-forward of current methodology. SSE continues to consult with Ofgem on this roll-forward.**
- 3.4 QUESTION (Julia Haughey): Will there be much change between the Indicative and Final Tariffs?**
- 3.5 RESPONSE (Donald Preston): likely to be slight reductions in tariffs.**
- 3.6 RESPONSE (Mo Sukumaran): our Final Tariffs are awaiting Board approval, and will be published on 19<sup>th</sup> February. In the meantime, we can confirm that, all things being equal, it is possible that Final Tariffs will be slightly lower.**

## **4 Questions. Donald Preston.**

*4.1 Questions on all topics covered were invited. There were none.*

## **5 Future Teleconferences. Angus Rae.**

*5.1 SSEPD plans to hold further DCP030 teleconferences during week 3 of April 2010; and during week 3 July 2010.*

*5.2 There were no questions / comments.*

## **6 Closing Comments. Angus Rae.**

*6.1 Angus thanked the participants for their attendance and questions.*

*6.2 There being no further comments or questions, the attendees were thanked for their active participation, and the meeting was closed at 14:25.*

## **7 Contact Details**

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