

DCCregulation@ofgem.gov.uk

19 December 2022

Dear Sir/Madam

**Consultation on proposals to introduce a DCC Switching performance incentive regime**

I am writing on behalf of National Grid Electricity Distribution (South Wales) plc, National Grid Electricity Distribution (South West) plc, National Grid Electricity Distribution (East Midlands) plc and National Grid Electricity Distribution (West Midlands) plc in response to the above consultation.

This response is not confidential.

Yours sincerely



Gemma Slaney  
National Change Manager

## Consultation Response

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**Question 1. Do you support the establishment of the Switching Incentive Regime (SIR) in the Licence as the mechanism for assuring the Switching element of DCC's Price Control?**

We support the establishment of the Switching Incentive Regime (SIR) in the Licence to assure the Switching element of the DCC's Price Control.

**Question 2: Do you agree in principle with the revocation and replacement of the May 2019 Direction, in the event that we establish the SIR?**

We agree with the revocation and replacement of the May 2019 Direction as we have moved out of DBT and are now in BAU, and think that the SIR should be established as an enduring solution.

**Question 3: Do you agree with the definition of the four categories of measure identified that will constitute the SIR?**

We agree with the four categories defined within the proposal however, we question if there is a need to call out contract management as we have seen this as an area of challenge within the smart metering programme.

**Question 4: Do you agree with our proposal that DCC should be able to earn a margin somewhere in the range of 6 – 9% of its economically and efficiently incurred internal costs under the enduring Switching arrangements (equating to a range of 6.4 – 9.9% in terms of return on costs)?**

We agree that it is right that the DCC should have a lower margin than they do under smart metering as the degree of risk associated with switching services is less.

**Question 5: Do you support either of the options we have identified for incentivising DCC's margin in the early post-go live period of Switching? Are there any other options you think should be considered?**

Given that the DBT phase ended at go-live, we support option two and feel that the DCC should have the 'early post-go live period' assessed against the new future SIR, as these categories better suit the service that the DCC should have been providing during this period.

**Question 6: Do you agree that the proposed Licence drafting appropriately reflects the policy intent of our proposal to establish the Switching Incentive Regime?**

We agree with the proposed Licence drafting.