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Catherine Monaghan
Ofgem
9 Millbank
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Dear Catherine,

Distributor provision of MPAS Services

Please take this as the Innogy response to the above consultation paper.

The objective as described in the document is in effect, to ensure a level playing field for suppliers in their dealings with new distribution businesses ('NDB') on the same basis as the 14 existing ones ('DB'). The licensing of new distribution businesses and their interface with suppliers and existing distributors has already posed problems, some of which have yet to be fully resolved (P62 is mentioned in passing as one issue, and the implementation date of 1 August looks increasingly optimistic). It is therefore helpful to know that in other areas, a sensible policy can be adopted and applied so that suppliers' opportunity to deal with consumers serviced by NDBs is the same as for those of DBs.

Three options are identified in the document:

- (i) that NDBs would not be required to establish an MPAS etc. Nor would they be able to sign the MRA;
- (ii) NDBs should be required to establish an MPAS and an enquiry service, and that be allowed to sign the MRA; or
- (iii) In addition to (ii), the manner in which these services are provided should be adequately regulated, as is the case now with existing distribution businesses.

Ofgem's preferred option is (iii), placing the same obligations on NDBs, as is the case with DBs now. This will mean, inter alia, moving those Standard Licence Conditions (SLCs) contained in Part C of the distribution licence (as this part applies only to DBs) into Part B. Will then, the relevant existing conditions in Part C be repealed?

The consultation paper rightly document identifies the asymmetry if existing DBs' licences were left unamended and NDBs' licences contained no obligation to provide an MPAS. Clearly this would be inequitable for suppliers and DBs alike, and as well as being inefficient; it is also likely to mean that NDB customers find it more difficult to obtain access to competitive supplies of electricity.

In terms of equitability, as Standard Condition 20 of the supply licence requires all suppliers to become a party to the MRA, this arrangement should apply to all distribution

businesses existing and new regardless. As a result, NDBs will be able to take part directly in discussions that may affect their service, suggest modifications and generally ensure that their voices are heard.

As regards the changes to existing SLCs and the introduction of new conditions to the distribution licence, what has been proposed seems sensible in the circumstances of achieving equitability for all distribution businesses - existing and new - and their interaction with suppliers. In that regard, Innogy is broadly supportive of what is proposed.

I hope you find the comments above useful.

Yours sincerely

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