



# SP ENERGY NETWORKS

Regulation & Commercial

[REDACTED]  
Department of Energy and Climate  
Change  
Area 4C  
3 Whitehall Place  
London  
SW1A 2HD

Your ref

Our Ref: [REDACTED]

Date 23 November 2010

Contact / Extension  
[REDACTED]  
[REDACTED]

Dear [REDACTED]

## **Consultation on the provision of third party access to licence exempt electricity and gas networks**

I am writing on behalf of SP Energy Networks (SPEN) in response to the above consultation.

We are broadly supportive of the proposed approach to ensuring that third party access to private networks is made available.

We do, however, have some concerns over the options set out in the paper. This is in view of our exposure to the DPCR5 distribution losses incentive, and the possible impact on our reported losses under some of the options mentioned. We would wish to ensure that boundary flows are entered into settlements and are as accurate as possible. This may not be the case under the 'Opt In/Opt Out' scenario where 'secondary' settlement metering data is deducted from the boundary metering reading. Installation of full settlement metering for all end customers within the Private Network could lead to a step change in reported losses by the host licensed electricity distributor.

It is important that potential distortions to reported losses are addressed in developing and implementing the detailed arrangements for accommodating choice of supplier.

Overall, we believe that the Commercial Agreement option appears to be the most straightforward to implement without potential distortions to losses reporting or undue costs to private network operators and connected customers.

We would welcome an opportunity to comment on the draft guidance in due course, particularly in relation to the points raised regarding distribution losses.

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I hope that this is helpful but please contact me if there are any queries.

Yours sincerely

  
**Distribution**  
**SP Energy Networks**

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