

This document is classified as **White** in accordance with the Panel Information Policy. Information can be shared with the public, and any members may publish the information, subject to copyright.

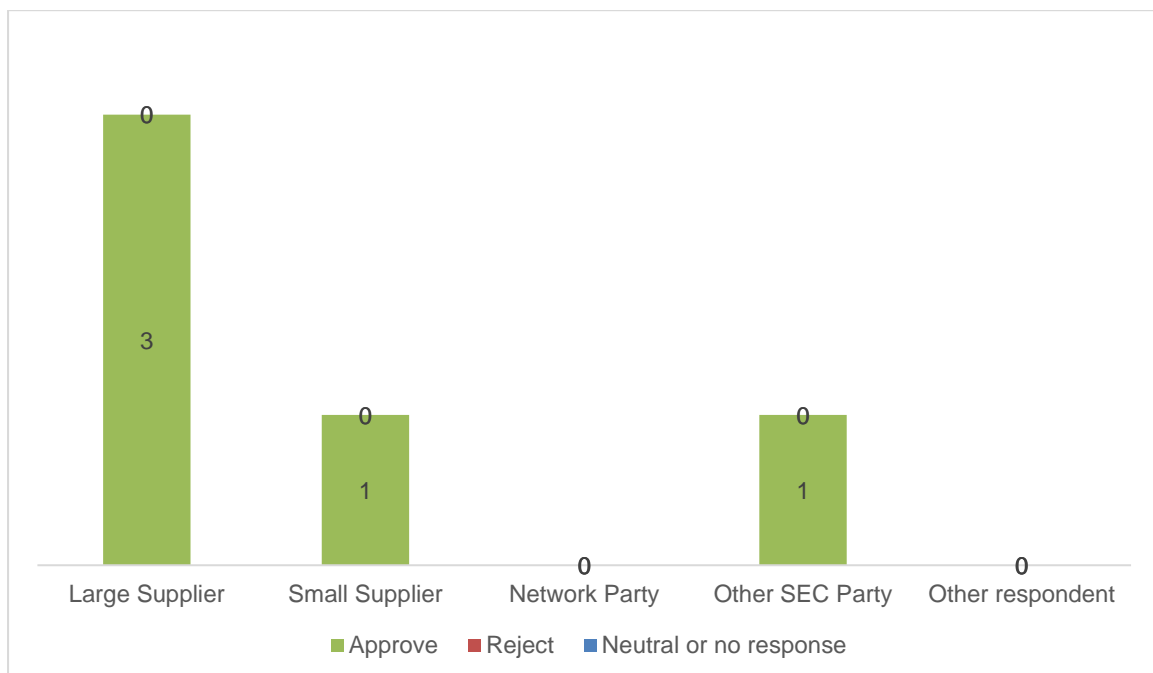
SECMP0068 'Alt HAN Company third party rights to enable external financing arrangements'

Modification Report Consultation responses

About this document

This document contains the full collated responses received to the SECMP0068 Modification Report Consultation.

Summary of responses



Question 1: Do you believe that SECMP0068 should be approved?

Question 1			
Respondent	Category	Response	Rationale
EDF Energy	Large Supplier	Approve	We agree that the modification should be approved on the basis that it better facilitates SEC Objectives (b) and (h) – we agree with the rationale detailed by the proposer in the Modification Report.
Bryt Energy Limited	Small Supplier	Approve	We approve that this MOD facilitates the objectives of the ALT-HAN Co.
npower	Large Supplier	Approve	We are supportive of this modification and meets with SEC Objective (d)1 by spreading costs over a number of years preventing Suppliers having to pay high in-year costs for Alt HAN which would aid competition by helping to avoid cashflow issues for Suppliers.
SSE Electricity Limited	Large Supplier	Approve	We support the need for AltHANCo to have the ability to pursue this financing approach and are in agreement it supports the general SEC objectives as outlined in the modification proposal.
Smart DCC Limited	DCC	Yes	The changes enable and contribute towards the General SEC objective to facilitate the establishment and operation of the Alt HAN arrangements.

Question 2: Do you agree that the legal text will deliver SECMP0068?

Question 2			
Respondent	Category	Response	Rationale
EDF Energy	Large Supplier	Yes	We have not identified any issues with regards to the legal text.
Bryt Energy Limited	Small Supplier	Yes	We approve that this legal text facilities the objectives of the ALT-HAN Co.
npower	Large Supplier	Yes	-
SSE Electricity Limited	Large Supplier	Yes	-
Smart DCC Limited	DCC	No	<p>DCC agrees that the draft legal text relating to M11.5 delivers the intent of SECMP0068. We seek further clarification around why Section M2 (Limitation of Liabilities) has been disapplied in its entirety under Z4.7. Many of the provisions in M2 cannot apply the AlthANCo costs, and it may not be appropriate to disapply some provisions.</p> <p>The treatment of each provision in Section M2 should be considered individually in terms of whether it should apply to AlthANCo costs, and a clear rationale provided for Parties to assess.</p>

Question 3: Please provide any further comments you may have.

Question 3		
Respondent	Category	Comments
EDF Energy	Large Supplier	-
Bryt Energy Limited	Small Supplier	None
npower	Large Supplier	None
SSE Electricity Limited	Large Supplier	-
Smart DCC Limited	DCC	<p>If financing goes ahead, DCC would be in favour of arrangements that continue to allow payments to be made to Alt HAN Co (as per the current arrangements), rather than directly to a lender. This will limit the amount of change to DCC's finance operations processes.</p> <p>We note that this change could result in one of three potential scenarios:</p> <ol style="list-style-type: none"> 1. Alt HAN Co continues to invoice DCC, but these may be separated into two or more invoices with non-standard payment profiles 2. Alt HAN Co continues to invoice DCC in a single monthly invoice which spreads cost evenly throughout the regulatory year PLUS an external party (lender) invoices DCC with a non-standard payment profile 3. No change – Alt HAN Co continues to invoice DCC in a single monthly invoice which spreads cost evenly throughout the regulatory year. <p>For scenarios 1 and 2 above, there are DCC finance operations lead in times associated with this, and DCC would require at least three months to make the changes.</p> <p>We note that it is possible under scenario 2 above that tripartite financing contracts (between DCC, Alt HAN Co, lender) may be required to secure funding. If that is the case, we would revisit our position on this subject.</p>