

To : **Peter Bingham**
National Grid

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Telephone: 0191 280 4545

Dear Peter,

Ref: Response to Final Proposals Consultation – DSBR/SBR

Salient Systems Limited (SSL) welcomes the opportunity to respond to the above referenced consultation. Our comments are limited to addressing final DSBR product proposals and they are by no means confidential, please feel free to disseminate them as you see fit.

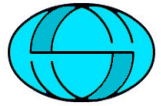
SSL are a software product solutions and consultancy company operating in the UK and totally focused upon the delivery of business system solutions to the Utilities market space. Our fully automated and Industry qualified Electricity HHDC, HHDA, HHMO and NHHDC, NHHDR, NHHMO system solutions and our RMS metering work management and field service system solution are in place at significant agent providers of metering services to their Supplier and SME/I&C clients.

At our earlier consultation response we fully supported the proposition from DECC, Ofgem and National Grid (NG) to extend the existing balancing product portfolio through NG's positioning of a new DSBR product. We note that final proposed product refinements do not address many of the issues we raised at our response. Nevertheless, we support the refinements that have now been included at the product.

We also note a range of objections to the DSBR product at a number of responses to the initial consultation – particularly, that accelerated delivery of future Capacity Market mechanisms should be targeted to address DSR objectives and that an over-arching DSR framework must be delivered in order to accommodate the widest range of stakeholder interests and responsibilities at any and all DSR targeting mechanisms going forward. We agree with the sentiments expressed that a persisting DSR targeting market model and supporting mechanisms are desirable objectives. Nevertheless, we are confident that solutions developed now at a competitive market for metering related services to address the imminent opportunities arising from DSBR will positively contribute to, rather than detract from, successfully achieving a desirable DSR end game.

Final proposals for DSBR confirm that HH settlement data must be employed to address product data measurement and verification requirements. In the near term, then, the successful mobilisation of DSBR services to HH settled consumers will require significant facilitation and support from Supply companies and/or HH metering agents. Timely mobilisation and administration of DSBR consumer side data management facilities and the subsequent delivery to NG of the required data will be problematic at any other third parties. The positioning of the data management of DSBR consumer and aggregated consumer product commitments, deliveries and payments at loosely coupled system complements to the HHDC systems at the Supplier or at the consumer contracted HHDC agent will provide a pragmatic and effective solution.

The delivery and positioning of effective DSBR product system administration and management facilities will be a key product enabler. When the product is approved by DECC and Ofgem then SSL will be encouraged to provide the necessary facilities to complement our own, and other, HHDC system solutions. However, in order to provide an opportunity to share with Suppliers,



HHDC agents and NG the cost risks attached to delivery and mobilisation of the necessary system facilities then confidence that sufficient numbers of target consumers and DSR commitments will be achieved through the product must be evident.

The DSB final proposals have certainly moved some way in the direction of widening the group of target consumers who will potentially benefit from the product. Nevertheless, the somewhat underwhelming enthusiasm for the product expressed at responses to the earlier consultation from some key product enabling stakeholders might indicate that a significant product marketing challenge will remain.

If the product is to become a viable contributor to meeting its objective of mitigating the consequences of mid-decade margin risk then DECC must commit to effectively addressing the product marketing challenge ahead. A bottom up driven enthusiasm for the product from consumers must be achieved alongside the positive marketing contributions available from proactive Suppliers and metering agents in order to deliver effective product mobilisation.

Yours sincerely,

Dermot Hearty

Director

Salient Systems Limited

W: www.salient-systems.com