

DCUSA DCP 086 Consultation Responses – Collated Comments

| | Question 1 | Do you understand the intent of the CP and are you supportive of its principles? |
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| 1 | British Gas | Yes we understand the intent and are supportive of its principles |
| 2 | CE Electric | Yes |
| 3 | EDF | EDF Energy fully understands the intent of the CP and is supportive of its principles |
| 4 | EON | Yes |
| 5 | RWE Npower | Yes, we do understand the intent of the CP and are supportive of its principles |
| 6 | SP Distribution and SP Manweb | We understand the intent of the CP and support its principles. |
| 7 | SPERL | ScottishPower Energy Retail Ltd supports the proposal as it will give parties a better understanding of the factors affecting price volatility and allow for parties to forecast distribution charges in the longer term. |
| 8 | SSE Power Distribution | Yes - to both questions. |
| 9 | SSE Retail/Supply | Yes |
| 10 | UK Power Networks | Yes |
| 11 | WPD | WPD fully understands the Change Proposal and is fully supportive of its principles |
| | Question 2 | Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons. |

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| 12 | British Gas | This proposal should better facilitate general objective 2 by helping all suppliers analyse the risk in their tariffs and compete more effectively as the most relevant data is in the public domain |
| 13 | CE Electric | <p>We believe that the change proposal better facilitates DCUSA General objective 2</p> <p><i>"The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity".</i></p> <p>and DCUSA CDCM objective 2</p> <p><i>"That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)"</i></p> <p>The proposal will better facilitate effective competition in the following ways:</p> <ul style="list-style-type: none"> • It should result in greater transparency over the breakdown and drivers of use of use of system charges for LV and HV connected customers; • It should enable suppliers to improve the accuracy of their forecasts and assessments and potentially reduce this risk exposure to unexpected changes; • It will provide a greater insight into the potential range of future charges, both within the immediate price control and the subsequent price control; • It will allow suppliers to run their own charging scenarios and make them less reliant on the DNOs; and • It should facilitate competition between suppliers, as it will enable |

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| | | them to compete more effectively due to this data provision. |
| 14 | EDF | The CP fully supports DCUSA Objectives by giving increased transparency of Distribution data to Suppliers. |
| 15 | EON | We are generally supportive of the view of the working group in so far as the objectives that better facilitated by this proposal. |
| 16 | RWE Npower | This Change Proposal helps to provide more transparency to the market on underlying data. Improved predictability of CDCM tariffs for suppliers and consumers. |
| 17 | SP Distribution and SP Manweb | We agree with the conclusions of the working group in determining that DCUSA objective 2 is better facilitated. The Annual Review Pack will allow parties to better understand the levels of volatility reduce levels of uncertainty and assist stakeholders in forecasting longer term HV and LV DUoS charges. |
| 18 | SPERL | <p>2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.</p> <p>3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.</p> <p>2. that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)</p> |
| 19 | | <p>We agree with proposer that the ability for suppliers to more accurately forecast distribution charges, and reduce their potential exposure to risk, will help to facilitate effective competition between them.</p> <p>Furthermore we feel that by obligating the DNOs to provide this information through code will remove any risk of ambiguity over what is expected and ensure a consistent approach from each DNO.</p> |
| 20 | SSE Power Distribution | The Change Proposal better facilitates DCUSA General Objective 2 and DCUSA CDCM Objective 2. |
| 21 | SSE Retail/Supply | DCUSA General Objectives |

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| | | <p>Objective 2 is met by providing Suppliers with better information on which to base their customer selling prices.</p> <p>DCUSA CDCM Objectives Objective 2 is met by providing Suppliers with better information on which to base their customer selling prices.</p> |
| 22 | UK Power Networks | <p>Gen 2</p> <p>The Annual Review Pack (ARP) provides a standardised forecasting product offering extended UoS charges information and presents an opportunity for the business to better facilitate competition and provides greater transparency surrounding the business process. Additionally, the ARP may be used by stakeholders to develop customised scenarios by changing a range of ARP parameters using the embedded CDCM calculation to provide an individual view of CDCM tariff pricing. However, this product has limitations regarding accuracy with the illustrative future UoS tariff pricing it provides as an output. Particular weaknesses include areas surrounding consumption data volatility and the CDCM inputs that derive their values from this data.</p> |
| 23 | WPD | The CP will allow for suppliers to improve the accuracy over their forecasting, it will also result in greater transparency re the breakdown of UoS charges for HV and LV customers |
| | Question 3 | Are you supportive of the timescales for the timing and frequency of submission / publication proposed by the CP? Please give supporting reasons. |
| 24 | British Gas | We believe the intent of the consultation timescales are correct but need assurance that the modification will be implemented for producing the ARPs for the indicative prices in December 2011. Therefore we would assume that the consultation means to have an implementation date of 1 st November 2011. |
| 25 | CE Electric | Yes - The annual review pack (ARP) is a new document that distribution network operators (DNOs) published with the December 2010 indicative |

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| | | use of system charges, on a voluntary basis. The pack contains detail of historical and forecast common distribution charging methodology (CDCM) inputs and the forecast use of system tariffs for the next 5 years. The majority of these inputs are reviewed on an annual basis and would not change if there was a mid-year tariff change. Hence it is appropriate to produce the annual review pack with the indicative use of system charges that are published in the December of each year and to refresh the submission if there are any changes to the tariffs in the formal contractual notice of use of system charges in the following February. |
| 26 | EDF | EDF Energy accept the implementation date |
| 27 | EON | Yes. These fit with the voluntary timescales of 2010 and so should be achievable this year. |
| 28 | RWE Npower | Our only concern is Para 3.7. There are a number of Bank Holidays around the time of release which means, worse case, the pack may not be issued until 6 th January. We would like to see this changed to release by, at latest, 31 st December. This ties in with the release of prices. |
| 29 | SP Distribution and SP Manweb | We are supportive of the timescales. |
| 30 | SPERL | We are supportive of the proposed timing and frequency of the ARP. We note however that DCP088 proposes changes to the CDCM model which will more easily enable price changes at dates other than 1 April. Should this change be approved then it may be appropriate for the ARP to reflect this and to be refreshed when a midyear price change is implemented. |
| 31 | SSE Power Distribution | <p>We strongly disagree with the proposed timings.</p> <p>The clear priority for DNOs is to meet existing Licence and DCUSA obligations in relation to publication of tariffs. The additional task of ARP delivery should be set to meet a date in early January for indicative tariffs and a date in early March for final tariffs. This would allow DNOs to manage the tariff activity more reasonably and still provide Suppliers with the information in a reasonable timescale.</p> |
| 32 | SSE Retail/Supply | Yes |
| 33 | UK Power Networks | Yes |

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| 34 | WPD | WPD is supportive of the timescales and timing/frequency of submission/publication proposed by the CP We have the ability to produce a pack in the timing and frequency detailed. |
| | Question 4 | <p>Which option for the maintenance of the template including is preferred, please give supporting reasons:</p> <ul style="list-style-type: none"> • A collective obligation for DNOs to maintain the template (but not specifying the mechanism for doing so); or • A Panel duty to maintain the template along with the model. |
| 35 | British Gas | Collective obligation on the DNOs to maintain the template – through DCMF or DCMF MIG |
| 36 | CE Electric | Our preference is for a panel to maintain the template along with the model. An integral part of the annual review pack is a copy of the current CDCM model functionality in order to calculate future charges. The CDCM model is already maintained by DCUSA so it would seem sensible for them to maintain the annual review pack as well. In addition, DCUSA will be aware of any changes to the CDCM model and hence are in the best position to ensure that the annual review pack remained consistent with the latest version of the CDCM model. |
| 37 | EDF | EDF Energy supports the collective obligation. |
| 38 | EON | We would prefer the second option; |

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| | | <ul style="list-style-type: none"> A Panel duty to maintain the template along with the model. <p>This makes the maintenance responsibilities clear and unambiguous. Also our experience with earlier changes ,with regard to the rota disconnection disc, give us less confidence in the first option.</p> |
| 39 | SP Distribution and SP Manweb | A Panel duty to maintain the template along with the model |
| 40 | SPERL | We are less concerned about the mechanism for maintaining the ARP template as long as it is ensured that it is done in a consistent manner across all DNOs. As the obligation to provide the ARP will rest on the DNOs it would seem logical that the responsibility for maintaining it also rests with them. |
| 41 | SSE Power Distribution | We would prefer template maintenance to be a Panel duty. |
| 42 | SSE Retail/Supply | The panel option. This will enable the Suppliers and other parties to have an input. |
| 43 | UK Power Networks | A Panel duty to maintain the template along with the model. |
| 44 | WPD | We would favour Option 2 – A Panel duty to maintain the template along with the model as Option 1 could be an onerous task on all the DNO's and therefore far better to have a single body to maintain the template. |
| | Question 5 | <p>Please indicate which your preferred option is to ensure that the ARP remains aligned with the charges model should it be changed. For example these options may be used where the model is changed between indicative and final prices.</p> |

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| | | Options considered included. <ul style="list-style-type: none"> • 'Freezing' changes to the model (and therefore template) if an Authority decision is made after an agreed date; • Delaying the publication of the ARP if an Authority decision is made after a certain date; or/and • Not making any changes to the template if an Authority decision is made after an agreed date. |
| 45 | British Gas | Freezing the model |
| 46 | CE Electric | <p>Our preference is 'Freezing' changes to the model (and therefore template) if an Authority decision is made after an agreed date.</p> <p>We believe that in future all DCUSA change proposals that relate to the CDCM model should consider if changes are required to the annual review pack and the implementation date should allow sufficient time for the annual review pack to be updated. Where possible, changes to the CDCM should be limited to a 1st April implementation and approved by 30th September to allowed time for the ARP to be updated prior to the publication of indicative charges in December.</p> |
| 47 | EDF | EDF Energy supports Delaying the publication of the ARP |
| 48 | EON | We have no particular preference, just a common approach. |
| 49 | RWE Npower | 'Freezing' changes to the model (and therefore template) if an Authority decision is made after an agreed date; |
| 50 | SP Distribution and SP Manweb | First option – 'Freezing' changes to the model and template if an authority decision is made after an agreed date. |
| 51 | SPERL | If the DNOs are only going to be obligated to publish the ARP once annually (unless there is a material change between indicative and final |

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| | | charges), then it is crucial that the ARP matches the CDCM model. We would therefore support delaying the publication of the ARP if this ensured that it reflected the current CDCM model. |
| 52 | SSE Power Distribution | We support not making any changes to the template if an Authority decision is made after an agreed date. |
| 53 | SSE Retail/Supply | Delay the publication. The other two options would create a year's delay before the ARP is updated. The DNOs should be able to request permission to deviate from these instructions if the dates involved make this appropriate. |
| 54 | UK Power Networks | Delaying the publication of the ARP if an Authority decision is made after a certain date |
| 55 | WPD | Our preferred Option is Option 2 – Delaying the publication of the ARP.... |
| | Question 6 | Are you supportive of the ARPs being published in a public area on the DCUSA website? |
| 56 | British Gas | Yes |
| 57 | CE Electric | Yes – DNO's also wish to publish it on their own website, but having it in the DCUSA website means that suppliers can go to one place and get the ARP for all DNOs |
| 58 | EDF | EDF Energy is not supportive of publishing of the ARPs on the DCUSA website. |
| 59 | EON | Yes |
| 60 | RWE Npower | Yes |
| 61 | SP Distribution and SP Manweb | Yes |
| 62 | SPERL | We note that a number of the DNOs already publish the ARP publicly on their respective websites. We therefore have no issue with these being made publicly available and it seems sensible to have them located in one |

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| | | central area. |
| 63 | SSE Power Distribution | Yes |
| 64 | SSE Retail/Supply | Yes |
| 65 | UK Power Networks | Yes |
| 66 | WPD | We are supportive of the ARP's being published in a public area of the DCUSA |
| | Question 7 | Do you have any comments on the proposed legal text? |
| 67 | CE Electric | The proposed legal text looks fit for purpose |
| 68 | UK Power Networks | Only that provision is made for the ARP and CDCM development to be linked in manner that proper contractual, regulatory, with availability of appropriate CDCM and ARP versions having parity in terms of the tariff results is maintained. |
| 69 | WPD | <p>I would like to draw attention to the fact that the current version of the ARP has 2 years worth of history, followed by the current charging period and then 4 years of future forecast.</p> <p>This is a total of 7 years worth of data. The legal drafting reads that there should be 8 years worth of data made up of 3 years of history and 5 years of forecast.</p> <p>The drafting should be changed accordingly</p> |
| | Question 8 | Are there any alternative solutions or matters that should be considered? |
| 70 | British Gas | No |

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| 71 | CE Electric | No - This proposal has been discussed at a number of industry forums including Workstream C "long-term products" of the common methodology group (CMG) and the distribution charging methodology forum (DCMF). It has also been reviewed by the DCP086 working groups and no alternative solutions have been proposed. We have played an active part in all of these groups and are happy with the current proposal. |
| 72 | EDF | No |
| 73 | EON | No |
| 74 | RWE Npower | No |
| 75 | SP Distribution and SP Manweb | No |
| 76 | SPERL | No |
| 77 | SSE Power Distribution | No |
| 78 | SSE Retail/Supply | No |
| 79 | UK Power Networks | Add that the ARP is to reside at and be maintained by DCUSA |
| 80 | WPD | None at present |
| | Question 9 | Are you supportive of the proposed implementation date of 03 November 2011? |
| 81 | British Gas | Yes as long as this gives the DNOs enough time to populate for the indicative price publication due in December 2011. Please note the consultation mentions the 1 st April 2012 as the implementation date, with a decision on the 1 st November 2011. |
| 82 | CE Electric | Yes |
| 83 | EDF | Yes |

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| 84 | EON | Yes |
| 85 | RWE Npower | Yes |
| 86 | SP Distribution and SP Manweb | Yes |
| 87 | SPERL | We are supportive of the implementation date as this will allow for the ARP to be provided by 31 December 2011. |
| 88 | SSE Power Distribution | Yes |
| 89 | SSE Retail/Supply | Yes |
| 90 | UK Power Networks | Yes in principle. |
| 91 | WPD | We are supportive of the implementation date of 3 November 2011 |