

**DCUSA DCP 090 Consultation Responses – Collated Comments**

	<b>Question One</b>	<b>Do you understand the intent of DCP 090 and are you supportive of its principles?</b>	<b>Working Group comments</b>
1	Inexus (Independent Power Networks Limited)	Yes	Noted
2	Electricity North West Ltd	Yes	Noted
3	ESP Electricity	Yes, we understand the intent and but are not supportive of its principles. We do not foresee the creation of nesting arrangements to any significant degree and therefore believe any proposal must be proportionate	Noted
4	NEDL	Yes	Noted
5	The Electricity Network Co	Yes, we understand the intent of DCP 090 and are supportive of its principals.	Noted
6	SSE Power Distribution	Yes	Noted
7	WPD	Yes	Noted
8	YEDL	Yes	Noted
	<b>Question Two</b>	<b>Do you consider that the proposal better facilitates the DCUSA objectives? Please provide supporting comments</b>	
9	Inexus (Independent Power Networks Limited)	<p>1. The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.</p> <p>Yes. The proposal will transfer funds to the</p>	Noted

		<p>operator of the intermediate network (unlike current arrangements) so will better meet the economic objective set out above.</p> <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>Yes. The proposal will transfer funds to the operator of the intermediate network (unlike current arrangements) so will better promote competition by allowing operators to recover their costs.</p>	
10	Electricity North West Ltd	This change proposal better facilitates objective number 1 & 2 above. This provides a means of recovering Use of System Charges for assets installed that are currently being recovered by other parties and not passed on. This ensures network investment is recovered by the investor and promotes effective competition that currently is not the case.	Noted
11	ESP Electricity	Whilst Objectives 1 and 2 could technically be considered to be better facilitated, Ofgem are keen to promote increased transparency and clearer methods of operating and maintaining networks, providing information etc. With this in mind, the proposed solution for nested networks seems to add levels of unnecessary complexity and therefore we consider that the DCUSA objectives are not better facilitated.	<p>The Working Group agreed that the Change Report will reflect that one party raised concerns around the complexity of the situation.</p> <p>It was noted that ESP raised the CP on behalf of the IDNO DNO Billing Group.</p>

12	NEDL	Yes, specifically against objective one as this ensures all elements of DUoS charging for the network is captured.	Noted
13	The Electricity Network Co	<p>Having a common process prescribed within DCUSA for billing nested networks is more efficient than individual parties having to agree separate and disparate processes. Therefore, we believe that this proposal better facilitates objectives 1, 2 and 3.</p> <p>To not have the billing process defined in DCUSA would leave a lacuna (gap) in that the DCUSA would not be complete on the terms for providing use of system. Therefore, Objective 4 is also facilitated</p>	Noted
14	SSE Power Distribution	In our view, the proposal better facilitates all of the DCUSA objectives.	Noted
15	WPD	<p>Yes</p> <p>1. Development of a fair, transparent method for correctly allocating DUoS charges is a pre-requisite of operating an economical distribution system as it avoids the need for overly complex connection arrangements. We believe therefore that this CP better facilitates objective number 2</p>	Noted
16	YEDL	Yes, specifically against objective one as this ensures all elements of DUoS charging for the network is captured.	Noted
	<b>Question Three</b>	<b>Do you have any comments on the proposed legal text?</b>	
17	Inexus (Independent Power Networks Limited)	Yes- please see the comment on clarity set out below	See response to 33.
18	Electricity North West Ltd	The suggested values for the square boxes are: Para 2.2 – We could pick a day (15 <sup>th</sup> - 25 <sup>th</sup> ) but	Agreed to:

		<p>I do not know whether there is a consistent timetable across the industry for the DNOs to send the bill to the EDNOs. There is an alternative solution to indicate that the report should be within x working days after the receipt of the Use of System Charge received from the DNO as indicated in Para 2.3. The Primary DNO will know when he has received his bill so you could argue that all EDNOs would receive at the same time from each respective DNO, so he would know when to expect the report.</p> <p>Para 3.2 – 15<sup>th</sup></p> <p>Para 4.1 – 15<sup>th</sup></p> <p>We still need to consider how the Primary EDNO is identified. This should be within the BCA. We need a clause to indicate as such and an obligation to cascade throughout any future BCA's further downstream. This perhaps needs adding after Clause 42.8.</p>	<p>- Update the legal text to reflect ENWL comments on para 2.2.</p> <p>- Update 2.2, to include 3 Working Days of receiving relevant consumption data. This will ensure consistency with other EDNOs</p> <p>Update 3.2 and 4.1 to the 15<sup>th</sup> Working Day of the month.</p> <p>In relation to the final comment, the group noted that BCA updates maybe considered under another CP, should ENWL wish to raise it.</p> <p>The group agreed that paragraph 42.8 of the drafting gives enough information as to the identification of the Primary EDNO.</p>
19	ESP Electricity	We have nothing to add to the comments made to the specific questions below.	Noted
20	NEDL	No	Noted
21	The Electricity Network Co	Only typo at 1.4 (EDNO).	It was agreed to update legal text as per comment.
22	SSE Power Distribution	No	Noted
23	WPD	No	Noted
24	YEDL	No	Noted
	<b>Question Four</b>	<b>Are the proposed solutions set out in the legal text manageable?</b>	

25	Inexus (Independent Power Networks Limited)	Yes	Noted
26	Electricity North West Ltd	This is a manual process and with the current level of connections that fall under this being minimal it is likely to be manageable. As volumes increase this may need to be revisited.	Noted and agreed that the issue of Nested Networks may need to be readdressed should volumes increase.
27	ESP Electricity	They are manageable but in our opinion unnecessary and burdensome for the likely levels of nested networks.	Noted and that the volumes are low currently.
28	NEDL	Yes	Noted
29	The Electricity Network Co	We believe that the solution set out in the legal text is manageable.	Noted
30	SSE Power Distribution	Generally yes, but the reliance on LLFCs (which are very limited in availability) is a significant issue which requires resolution. Otherwise, the solution may become unmanageable.	Noted
31	WPD	Yes	Noted
32	YEDL	Yes	Noted
	<b>Question Five</b>	<b>Do you understand the terminology set out in the legal drafting, or does it need more clarity?</b>	
33	Inexus (Independent Power Networks Limited)	It is unclear to IPNL at what point the MPAN Settlement count of the NHH connections on the nested network will be made – is it month year/mid month or a count of MPAN days?	<p>Agreed that the legal text is not specific on non half hourly.</p> <p>The Working Group noted that this is for each settlement run that the settlement run is highlighted in paragraph 2.3 of the legal drafting.</p> <p>The group did agree that the legal text</p>

			could be updated to ensure clarity in this issue and agreed to reference settlement class MPAN days.
34	Electricity North West Ltd	Yes	Noted
35	ESP Electricity	Yes we understand the terminology set out in the legal drafting.	Noted
36	NEDL	The terminology is fine when taking the diagram into account.	Noted
37	The Electricity Network Co	Yes, we understand the terminology set out in the legal text.	Noted
38	SSE Power Distribution	Yes. The diagrammatic representation in the proposed legal text is particularly helpful for readers who are unfamiliar with the concepts involved.	Noted and agreed that this diagram document will be published on the website for information.
39	WPD	Yes	Noted
40	YEDL	The terminology is fine when taking the diagram into account.	Noted
	<b>Question Six</b>	<b>Is the drafting unambiguous? Do you think that everyone would be consistent in their interpretation of the approach to address nested networks?</b>	
41	Inexus (Independent Power Networks Limited)	Yes	Noted
42	Electricity North West Ltd	We believe so, but the more complex networks become the more that this will be tested and may result in further changes at a later date.	Noted
43	ESP Electricity	A minor comment regarding Clause 4 – MPAN Report – it may be helpful to mention that the report can be obtained from the standard reports in distributor’s MPAS/SMRS systems.	Noted that there may be merit in mentioning that the MPAS/SMRS systems can be used to obtain the report, but the group agreed that should MPANS system changes the

			reports might from that system may become out of date and therefore agreed to not amend the legal text.
44	NEDL	It may be beneficial, in due course, to identify some actual Nested Networks and run them through the proposed approach to demonstrate within a workshop how each element within the process works in a live situation.	The group agreed that the diagram could be updated to give a commentary with types of flow information for the most common scenarios.
45	The Electricity Network Co	The drafting appears to be unambiguous.	Noted
46	SSE Power Distribution	Yes	Noted
47	WPD	Yes	Noted
48	YEDL	It may be beneficial, in due course, to identify some actual Nested Networks and run them through the proposed approach to demonstrate within a workshop how each element within the process works in a live situation.	Noted
	<b>Question Seven</b>	<b>Is the diagram set out in the legal drafting helpful?</b>	
49	Inexus (Independent Power Networks Limited)	Yes	Noted
50	Electricity North West Ltd	Yes, it is a simple case that helped but the drafting should be able to cater for more complex connections. The calculations will be more onerous as time goes by and the need for the audit clauses may have to be used to validate the information submitted.	Noted
51	ESP Electricity	We could not see the diagram in the legal drafting so have assumed that the diagram in the consultation paper is the one referred to. It would be more helpful if the location and installer of the transformer assets were	Agreed to review the diagram and make the suggested improvements and update the diagram to include the primary EDNO installing assists.

		identified so that the classification of Primary and Secondary EDNOS could be easier understood. Currently you can see that there is a voltage drop between EDNO B and EDNO C but it is not clear who has installed the assets and who is therefore considered to be the Primary EDNO.	
52	NEDL	Yes	Noted
53	The Electricity Network Co	Yes	Noted
54	SSE Power Distribution	Yes	Noted
55	WPD	There is no diagram in the version of the legal drafting we have been sent.	Noted
56	YEDL	Yes	Noted
	<b>Question Eight</b>	<b>Please indicate the likely level of costs the proposed solution may have?</b>	
57	Inexus (Independent Power Networks Limited)	<p>IPNL does not currently have functionality within its existing DUoS billing to receive, validate, load and create bills for NHH occupied nested networks using the information in the suggested format contained in the proposal.</p> <p>In the short term this is unlikely to cause an issue as the volume will probably be small and billing can be dealt with manually. IPNL notes the requirements for audit and believes a manual system would not be seen as robust as an automated one from the point of view of audit.</p> <p>A module has recently been added to the DUoS billing system that some DNOs (and IPNL) uses that has the ability to bill DNO portfolio half</p>	The Working Group noted the potential system impact for Inexus.

		hourly customers on embedded networks. The format of this file was agreed in 2010. If the format of this existing half hourly file could be used additionally for non half hourly customers then IPNL would be able to use this module to bill in an automated and more auditable manner. Construction of a new module specifically for NHH could cost £10k.	
58	Electricity North West Ltd	We do not have any of these arrangements so it is difficult to quantify.	Noted
59	ESP Electricity	To facilitate the reporting in Clause 2.3 for NHH MPANs, we would need changes to our billing system to report on all the detail required. We would expect this to be in the region of £5-10K.	Noted
60	NEDL	Low costs.	Noted
61	The Electricity Network Co	Given the low numbers of networks we intend to use manual work rounds to implement billing arrangements of nested networks. Therefore, we not perceive the costs imposed by the proposed solution will differ from those had the change proposal not been made.  If the number of nested networks increases significantly we will need to consider more robust solutions which we believe would impose high costs.	Noted
62	SSE Power Distribution	Unknown at present.	Noted
63	WPD	Unknown as, at this stage, we do not expect to have to operate a nested network. Initial implementation cost will therefore be zero.	Noted
64	YEDL	Low costs.	Noted
	<b>Question Nine</b>	<b>Are the costs justified? Provide a</b>	

		<b>cost/benefit analysis as support to this question.</b>	
65	Inexus (Independent Power Networks Limited)	<p>IPNL does not believe the costs will be high given the expected volume of transactions and our belief it can be dealt with manually.</p> <p>A requirement to build a dedicated module to the billing system would probably cost £10 k which would not be justifiable if the number of nested networks is very small.</p>	Noted
66	Electricity North West Ltd	We do not have any of these arrangements so it is difficult to justify.	Noted
67	ESP Electricity	<p>The costs outlined above to implement the reporting required from the EDNOs for nested networks would, in our opinion, outweigh any additional revenue an EDNO would bill for nested networks.</p> <p>As a ball park figure, for a 50 house development, the charge from the Primary to the Secondary EDNO would be in the region of £6-7/month. For a 400 house development, the charge would be £50/month. For a development with 2 HH commercial units (small and medium load &gt;600kVA), the average charge would be £280.</p> <p>Additional to the system costs would be the admin costs involved in issuing invoices and processing payments, postage, staff costs etc. Therefore we do not believe the costs to be justified for the expected levels of nested networks.</p>	<p>Noted that some Parties may consider the costs of the proposed solution might out way the benefits.</p> <p>Also noted that the information is helpful, in relation to revenue, but noted that others parties have commented that the numbers of Nested Networks are low.</p> <p>Therefore, the group agreed that the Parties outcome when voting on the CP will determine if they see there is benefit.</p> <p>The group confirmed that a primary EDNO can agree between parties not to issue a bill. Agreed to update Schedule 20, 1.1to state that the schedule applies, unless primary EDNO notifies secondary EDNO that no bill will be issue.</p>

68	NEDL	If costs are medium, and there are sufficient nested networks to warrant such costs, and that any future implementations will not affect this approach then costs are justified.	Noted
69	The Electricity Network Co	<p>We believe the costs would be incurred whether the billing process was within or outwith DCUSA.</p> <p>Notwithstanding the above; if the arrangements are outwith the scope of DCUSA different parties may develop different solutions. Having more than one solution in place could in itself impose additional costs.</p>	Noted
70	YEDL	If costs are medium, and there are sufficient nested networks to warrant such costs, and that any future implementations will not affect this approach then costs are justified.	Noted
	<b>Question 10</b>	<b>If not, what volume would make it necessary?</b>	
71	Electricity North West Ltd	<p>We do not have any of these arrangements so it is difficult to quantify. It may well be that there is a need for a volume trigger where the process costs of billing justify the recovery of the Use of System.</p> <p>If this is the case there may be a need to include a clause indicating that this Schedule is only made effective by notice from the Primary EDNO. That said, it may be worth considering this in any case so that the Primary EDNO makes the call as to whether he wants to recover costs or not.</p>	Agreed to update clause 1.1 of the drafting to ensure clarity.

72	ESP Electricity	<p>We believe, based on the above average monthly charges, it would not be cost-effective to implement the proposed solution until number of customers attached to the Secondary EDNO's networks exceeded 4000. An unlikely number for a nested network in our opinion. For ESPE, this number would be unlikely in the foreseeable future due to the fact that ESPE design efficient and economical networks that do not have spare capacity above the development design load. A nested network would therefore be likely to incur additional network reinforcement costs for the Primary EDNO (and possibly also the upstream DNO) that would be passed on the Secondary EDNO and may prove an uneconomical choice for a point of connection.</p>	Agreed to update the drafting to 1.1 to address concern raised.
73	The Electricity Network Co	<p>If the number of nested networks becomes significant we believe an alternative approach to the one prescribed in this change proposal may be required. As such we do not know the costs nor the volumes.</p> <p>There has been much discussion about increasing the range of LLFCs available by increasing the number of characters in the LLFC. Whilst this is not a pragmatic solution at this time it may be so in the future if there are other drivers for such change</p>	Noted
	<b>Question 11</b>	<b>Are there alternative ways of addressing nested networks which you feel would be more cost effective?</b>	
74	Inexus (Independent Power	A module has recently been added to the DUoS billing system that some DNOs (and IPNL) uses	The Working Group could not determine how NHH data could be

	Networks Limited)	that has the ability to bill DNO portfolio half hourly customers on embedded networks. The format of this file was agreed in 2010. If the format of this existing half hourly file could be used additionally for non half hourly customers then IPNL would be able to use this module to bill in an automated and more auditable manner.	converted into a HH format.
75	Electricity North West Ltd	None at this time	Noted
76	ESP Electricity	Due to the engineering and design constraints inherent in our networks, we do not foresee the creation of nesting arrangements to any significant degree and therefore believe any proposal must be proportionate. ESPE would prefer to 'ignore' the nested network scenario altogether as the costs of system changes and additional administration would outweigh any revenue benefits (unless numbers of customers exceeded 4000 in the nests).	Noted
77	NEDL	Not that we are aware of.	Noted
78	The Electricity Network Co	We do not believe so at this moment.	Noted
79	WPD	None Identified	Noted
80	YEDL	Not that we are aware of.	Noted
	<b>Question 12</b>	<b>Will this work for all possible scenarios of nested networks?</b>	
81	Inexus (Independent Power Networks Limited)	Yes	Noted
82	Electricity North West Ltd	We believe so but as indicated above there may be a need to amend as a consequence of evidence to the contrary.	Noted

83	ESP Electricity	Yes, assuming you are referring to the previous question and its proposed alternative: ignoring nested networks would obviously work for all possible scenarios.	Noted
84	NEDL	We assume that the scenarios within the proposal will cover the majority of nesting and any possible other scenarios can be included if and when they occur.	Noted
85	The Electricity Network Co	We believe that the solution works for small numbers of networks. An alternative approach may be required if there are a significant number of nested networks.	Noted
86	SSE Power Distribution	The issue of availability of LLFCs may limit the scenarios to which this can be applied.	The group agreed that the CP does not require additional LLFCs as a result of the proposed solution for Nested Networks.  This issue was raised and addressed under portfolio billing. (DCP089 - DNO - (I)DNO Billing)
87	WPD	We have not identified a scenario that they will not be suitable for.	Noted
88	YEDL	We assume that the scenarios within the proposal will cover the majority of nesting and any possible other scenarios can be included if and when they occur.	Noted
	<b>Question 13</b>	<b>Are there any unforeseen issues that haven't been addressed?</b>	
89	Inexus (Independent Power Networks Limited)	The use of LLFCs may impose a constraint on the proposed solution.	The group agreed that LLFCs would not impose a constraint on Nested Networks.
90	Electricity North West Ltd	Other than those highlighted above we have no further issues.	Noted

91	ESP Electricity	<p>Currently MPRS (and the D0030s) are incapable of identifying separate networks in the same GSP Group (unless LLFCs are used to identify networks - not possible with the already observed limitations surrounding LLFCs). There are plans to enable MPRS to have 'user definable fields' against each MPAN where the network reference could be recorded (and make the MPAN report in Clause 4 easier to produce). In the mean time, additional admin work would be needed to separate the HH MPANs out into their respective 'nested networks'. These additional fields in MPRS would not solve the issue of networks being identified in the D0030s – only the LLFC is capable of this. The only solution without LLFCs would be to pro-rata the number of MPANs in the GSP Group against the number of MPANs on the nested network. This still has limitations however in identifying which of the various settlement combinations are relevant to which network.</p>	Working Group considered that MPRS will assist in this.
92	The Electricity Network Co	We do not believe so.	Noted
93	SSE Power Distribution	A Network Operator of Last Resort may be necessary should an EDNO fail.	Noted that this is not relevant to this CP and was a general observation.
94	NEDL	Not that we are aware of.	Noted
95	WPD	None Identified	Noted
96	YEDL	Not that we are aware of.	Noted
	<b>Question 14</b>	<b>Please state any other comments or views on the Change Proposal.</b>	
97	The Electricity Network Co	We agree that a process needs to be determined for the billing of nested networks. We believe that setting the principles (as this	Noted the need for evolution.

		proposal does) rather than the detailed process leaves parties to agree the finer elements best suited to those involved. We think this is the right approach at this time. However in the light of experience further work may be required to specify information flows and the format of such flows.	
98	ESP Electricity	ESPE would prefer to 'ignore' the nested network scenario altogether as the costs of system changes and additional administration required to facilitate the reporting would be disproportionate under the proposed solution.	Noted.