

**DCUSA DCP 088 Consultation Responses – Collated Comments**

	<b>Question One</b>	<b>Do you understand the intent of the CP?</b>	<b>Working Group Comments</b>
1	British Gas	Yes	Noted
2	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	Yes	Noted
3	Northern Powergrid	yes	Noted
4	SP Manweb/SP Distribution	Yes we understand the intent of DCP088	Noted
5	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	yes	Noted
6	SSE Energy Supply Ltd	yes	Noted
7	Western Power Distribution	Yes	Noted
	<b>Question Two</b>	<b>Are you supportive of its principles?</b>	
8	British Gas	Yes	Noted
9	Eastern Power Networks, London Power Networks,	Yes	Noted

	South Eastern power Networks & UK Power Networks (IDNO)		
10	Northern Powergrid	Yes, the proposed model will provide greater transparency and robustness than the existing CDCM model.	Noted
11	SP Manweb/SP Distribution	Yes we are supportive of its principles.	Noted
12	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	yes	Noted
13	SSE Energy Supply Ltd	yes	Noted
14	Western Power Distribution	Yes	Noted
	<b>Question Three</b>	<p><b>Do you consider that the proposal better facilitates the DCUSA CDCM and General objectives? Please give supporting reasons.</b></p> <p><b>CDCM Objectives:</b></p> <p>1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence</p> <p>2 that compliance by each DNO Party with the</p>	

		<p>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> <p>3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business</p> <p>4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business</p> <p>General Objectives:</p> <p>1 The development, maintenance and operation</p>	
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		<p>by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p>2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity</p> <p>3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p>4 The promotion of efficiency in the implementation and administration of this Agreement</p>	
15	British Gas	The proposed change should better facilitate the objectives by providing a CDCM model that can be used to model a mid year tariff change in a more transparent way than the current CDCM model. This increased transparency will support competition.	The Working Group agreed that DCUSA Charging Objective 2 is facilitated by the CP.
16	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power	DCP088 better facilitates CDCM objectives 1 & 3 by making it possible for DNOs to implement non-1 April price changes in a consistent and	The Working Group noted the response and agreed that DCUSA Charging Objective 1 and 3 were also facilitated by the CP.

	Networks (IDNO)	<p>visible manner and it does not hinder objectives 2 &amp; 4.</p> <p>DCP088 better facilitates general objectives 3 &amp; 4 by making it possible for DNOs to implement non-1 April price changes in a consistent and visible manner and it does not hinder objectives 1 &amp; 2.</p>	
17	Northern Powergrid	<p>Yes, we agree that the proposal better facilitates the DCUSA CDCM and General objectives. The CP, if accepted, will make the CDCM model more transparent by making the inputs (e.g. volume forecasts in both charging periods) that are used to calculate a mid-year tariff change (i.e. Outside of 1 April) visible.</p> <p>Greater transparency should facilitate effective competition in the generation and supply without restricting competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector.</p> <p>The CP should also make the process of making a change to tariffs easier and therefore promote</p>	<p>The Working Group agreed that DCUSA Charging and General Objective 2 is facilitated by the CP.</p> <p>The Group agreed that the DCUSA Charging and General Objective 4 relates to the administration of the DCUSA agreement and not the operation between parties and is therefore not facilitated by the CP.</p>

		efficiency in the implementation and administration of DCUSA and the CDCM methodology.	
18	SP Manweb/SP Distribution	We believe that the proposal better facilitates both the DCUSA general and charging methodology objectives. It will allow DNOs to publish mid-year CDCM models to assist suppliers.	Noted
19	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	n/a	Noted
20	SSE Energy Supply Ltd	Yes.  For the reasons given in the consultation document.	Noted
21	Western Power Distribution	Yes, DNOs must be able to do mid year tariff changes.	Noted
	<b>Question Four</b>	<b>Are there any alternative solutions or matters that should be considered?</b>	
22	British Gas	No	Noted
23	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	No	Noted
24	Northern Powergrid	We are not aware of any alternative solutions that would better meet the objectives of the change proposal.	Noted

25	SP Manweb/SP Distribution	No we do not believe any alternative solutions need to be considered.	Noted
26	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	The formatting issue as highlighted below [Q7] should be addressed in order to minimise any errors.	The Working Group agreed to only address minor formatting issues raised by consultation respondents before the model or legal text is issued for voting. See response to item 39.
27	SSE Energy Supply Ltd	No	Noted
28	Western Power Distribution	None	Noted
		<b>The proposed implementation date is 23 May 2012 subject to Authority Consent. Are you supportive of the proposed date?</b>	
29	British Gas	Yes	Noted
30	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	Yes	Noted
31	Northern Powergrid	Yes we are supportive of this implementation date based on the assumption that all parties are comfortable with the results obtained from testing.	Noted
32	SP Manweb/SP Distribution	Yes we are supportive of the proposed date.	Noted
33	Southern Electric Power Distribution plc and Scottish Hydro Electric	yes	Noted

	Power Distribution plc		
34	SSE Energy Supply Ltd	yes	Noted
35	Western Power Distribution	Yes, it needs to be in place so that mid year 12/13 tariff revisions can be calculated if they are required.	Noted
	<b>Question Six</b>	<b>Do you have any comments on the legal drafting?</b>	
36	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	Minor – paragraphs 90 onwards show as track changed with their numbers incremented by 1 when this is not the case.	The Working Group noted the comment and agreed to address the minor formatting error with the legal text before the CP is issued for voting.
	<b>Question Seven</b>	<b>Do you have any comments or responses to the questions that were asked of DNOs in the Working Group's Request for Testing (see paragraph 4.1 of this document)?</b>	
37	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	We consider this to be a suitable test strategy and it is the one that we have followed.	Noted
38	Northern Powergrid	The questions posed to DNOs have enabled them to conduct some testing on the accuracy of the updated model but not on whether it	The Working Group agreed that the Model does create transparency as Suppliers can determine what changes to prices are, as all models are published on



		improves transparency.	DNOs' websites.
39	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	<p><b>1</b> - The test model has been populated with SHEPD's 2012/13 Final Data.</p> <p><b>2</b> - The input data were modelled on a single in-year price change assuming 40% of units consumed were in the first 6 months.</p> <p><b>3</b> - The updated model does provide the same results as model 100 for a full year with some minor variations. (i.e. average c-table data +1.0%)</p> <p><b>4</b> - The model produced a set of tariffs for an in-year tariff change that were consistent with my expectations when 60% of the units &amp; revenues would be realised in the second 50% of the charging period. i.e. elements of the demand tariffs have reduced).</p> <p><b>5</b> - The format in table 1095 of the updated model is not the same as that in table 3701 and so the manual copy/paste of data poses a risk to the integrity of the tariffs being calculated for the second charging period. If this were to be updated so that the format of both tables is</p>	The Working Group agreed that there were a number of issues with the Model, which will need to be updated following the implementation of the CP. Any such changes should be raised as a subsequent change. The group agreed to highlight this in the Change Report.

		compatible, the model would then be fit to be issued for consultation purposes.	
	<b>Question Eight</b>	<b>If you have performed any testing on this Model, through a request for testing or through this consultation, please provide details of your findings?</b>	
40	British Gas	N/A	Noted
41	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	Please find accompanying test configuration sheet.	Noted accompanying document.
42	Northern Powergrid	<p>The results we obtained from our initial testing of the updated model have not suggested any problems. As per the working group request we populated the proposed model using the appropriate inputs. The testing thus far has been done with the understanding that the target revenue in separate charging periods is calculated within the model and not calculated externally.</p> <p>We are comfortable with the results we have</p>	Noted

		obtained from the testing completed so far.	
43	SP Manweb/SP Distribution	<p>We have tested the model as requested with the following results:</p> <p>(1) For full year prices – tariffs matched current 100 model</p> <p>(2) For 1 mid-year price change – tariffs very closely matched the Oct 11 mid-year tariffs (variances of up to 0.002 in some unit rate 1 tariffs)</p> <p>(3) For 2 mid-year price changes – tariffs were as expected.</p>	The Working Group noted the comments but in relation to their second point, the group agreed that the issue was not a major concern, as the variance was low.
44	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	As above	Noted
45	SSE Energy Supply Ltd	No testing done.	Noted
46	Western Power Distribution	Western Power Distribution has not tested the model.	Noted
	<b>Question Nine</b>	<b>Do you feel that the summary tables are constructed in the best way, and do you have any comments on these? For example, do the summary tables add to users' comprehension, and do they improve transparency?</b>	

47	British Gas	The summary tables improve transparency in our view.	Noted
48	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	No Comments.	Noted
49	Northern Powergrid	Yes although it might be useful to have an additional column in table 4101 which in the case of a second in year tariff change, shows the movement in tariffs from April 2011 to the first in year tariff change. Currently as we understand it, the table would only compare movements between the first and second tariff change.	The Working Group agreed that there were a number of issues with the Model, which will need to be updated following the implementation of the CP. Any changes should be raised as a subsequent change. The group agreed to highlight this in the Change Report.
50	SP Manweb/SP Distribution	We believe the summary tables improve transparency as they provide details of revenue under each price change.	Noted
51	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	There are an adequate number of summary tables for the information required.	Noted
52	SSE Energy Supply Ltd	The tables provide some useful information.	Noted
53	Western Power Distribution	Yes, the summary breakdown seems reasonable.	Noted

	<b>Question 10</b>	<b>What are your views with respect of the consultant's report (Appendix C)?</b>	
54	British Gas	Consideration should be given to the issues raised in paragraphs 21 and 22 and if it is easily achieved, both issues should be incorporated as part of the changes being made in DCP88. However if generation tariff changes are to be included as part of table 4101, a comment should be included to explain what a +ve/-ve change actually means to avoid confusion e.g. a +ve % change would actually represent increasing credits.	The Working Group noted the comment and agreed the issues would be outside the scope of the CP and a subsequent change would be needed to address them.
55	Eastern Power Networks, London Power Networks, South Eastern power Networks & UK Power Networks (IDNO)	We note the consultants report. The items in epigraphs 20-23 fall outside the scope of this modification proposal and so should be changed. We note the comments in paragraph 23 and would comments to the DCUSA secretariat that they seek to update the CDCM model that they own to the latest 'xlsx' format.	<p>The Working Group noted the comment and agreed the issues would be outside the scope of the CP and a subsequent change would be needed to address them.</p> <p>The group noted concern that a number of Parties are not able to view the most recent XLSX format, and that the current format appears to be acceptable for all Parties.</p>
56	Northern Powergrid	The consultant's report is clear in explaining the changes that have been made to the model. However, in order to ensure commonality in the	<p>The Working Group noted that the manual does not sit within the DCUSA.</p> <p>The group agreed to issue a recommendation to the DCMF MIG to</p>

		calculation of the new inputs, particularly the extra column in table 1076 (target revenue), it would be beneficial to provide some guidance notes. This could potentially be added to the CDCM user manual.	review the comment and update the manual.
57	SP Manweb/SP Distribution	The report provided details of the changes made to update the model as per the working group requests.	Noted
58	Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	It gives a clear and accurate summary of what we see in the model.	Noted
59	SSE Energy Supply Ltd	None	Noted
60	Western Power Distribution	The report helpfully highlights what has been changed in order to incorporate mid year price changes.	Noted
	<b>Question 11</b>	<b>Do you have any further comments?</b>	
61	British Gas	Minor point, the new model appears to have unnecessarily removed row 13 from the Input Sheet – this is undesirable as it unnecessarily adds a difference between the input sheet in the current CDCM and input sheet in the proposed new CDCM.	The Working Group agreed to only address minor formatting issues before the model before it is issued for voting. More complex changes would be required to be addressed under another change. The group agreed that this error was minor and can be addressed as part of DCP 088.