

**DCUSA DCP 161 Consultation Responses – Collated Responses**

Company	Confidential?	Question One - <i>Do you agree that the proposed option supports and meets the intent of DCP 161?</i>	Working Group Response
WG General Response			
EDF Energy	Non-confidential	<p>We are not convinced that this is the best way to deal with customers who exceed their capacity on the network. This should be dealt with as housekeeping by the DNOs rather than imposing a penal charge. There is currently no evidence provided that supports the case that these customers are causing additional costs on the network.</p>	<p>The Working Group members present at the meeting were divided in opinion – half who felt that this was not a penal charge, and those who did think so. The members who did not believe this to be the case felt this way because the capacity charge is discounted for customer contributions, but no customer contributions have been made toward the exceeded capacity.</p> <p>However, there were members of the Working Group that felt that there was no evidence that the breach was causing the costs and therefore in their view, it is a penal cost levied to customers.</p>
GTC	Non-confidential	<p>1. Not fully. As the consultation states, the working group have decided not to progress making the EDCM more cost reflective. We think the consultation should have set out the working groups full reasoning rather than just saying it was because of consultation responses</p> <p>2. With respect to the CDCM whilst we think the proposals is marginally better than the status quo, we think there is more that could done to improve the cost reflectivity. Assets are provided for 12 months of the year. Therefore applying a marginal higher charge for excess capacity for one month does not appear to fully address the issue identified. Customers still appear to be incentivised to ask for a lower capacity and take</p>	<p>1. The Working Group did fully consider including the EDCM within this Change Proposal, and was included in a previous consultation. The decision was taken that this was out of scope of DCP 161 and a subsequent CP would be raised in due course following the conclusion of DCP 161.</p> <p>2. The Working Group highlighted that this was consulted upon as well, and there was concern that the impact would be too large particularly for customers who only occasionally breach their MIC. Further, there would be no incentive on customers</p>

		the hit of an additional one month's capacity charges to a. Reduce charges in other months when a lower capacity is paid, and b. To reduce notional connection charges	who breach their MIC to reduce their maximum demand below the exceeded MIC level for a further 12 months or the next review period.
UKPN	Non-confidential	Yes	
British Gas	Non-confidential	Yes	
WPD	Non-confidential	Yes, As it more cost reflective, it will encourage customers to operate within their capacity or increase it appropriately and will assist DNOs in efficient management of their networks.	
ENWL	Non-confidential	Yes	
Haven Power	Non-confidential	Yes	
Anonymous 1	Confidential	Yes. However, this change potentially penalises all customers in a DNO area where some customers have historically breached their capacity agreement –from a customer perspective, this option is not cost reflective and moves costs from the DNO to all of their customers instead of targeting the customers in the breach.	The Working Group did not agree with this response, and explained that the solution being progressed under DCP 161 targets the customers that breach their agreed capacity, and therefore only those customers are targeted. It was further noted, that customers who do not breach their exceeded capacity should see a slight reduction all things being equal.
Northern Powergrid	Non-confidential	Yes, we agree that the proposed solution improves the cost reflectivity of the excess capacity charge by removing the discount factored into the agreed capacity charge from the customer contributions. We also believe that the proposed solution improves the cost reflectivity of the charge.	
SP Distribution/ SP Manweb	Non-confidential	Yes we are happy with option proposed.	
SSE Distribution	Non-confidential	Yes	

Gazprom Energy	Non-confidential	Yes	
NPower	Non-confidential	Yes. The proposed option meets the intent of DCP161.	
<b>Company</b>	<b>Confidential?</b>	<b>Question Two - Do you have any comments on the proposed CDCM model?</b>	
WG General Response			<p>The Working Group discussed the way in which the model allocates indirect/direct and network rates and agreed to address the model so that it uses the agreed and exceeded capacity rather than just agreed capacity. It was also agreed that FL would provide an updated ARP</p> <p><b>Action: FL</b> The DNOs will confirm the information once it is circulated from FL.</p> <p><b>Action: DNOs</b></p>
EDF Energy	Non-confidential	No	
GTC	Non-confidential	<p>1. Assets are provided for 12 months of the year. Applying a marginal higher charge for excess capacity for one month does not appear to fully address the issue identified. Customers still appear to be incentivised to ask for a lower capacity and take the hit of an additional one month's capacity charges to</p> <ol style="list-style-type: none"> <li>Reduce charges in other months when a lower capacity is paid, and</li> <li>To reduce notional connection charges</li> <li>Opex charges for the higher capacity are only recovered for one month.</li> </ol> <p>2. It would seem more appropriate that the charge should be applied for a minimum of a year. The working group has not set out in this consultation why such an approach would be less cost reflective than the proposal put forward in this</p>	<p>1 – 3. The Working Group highlighted that this was consulted upon as well, and there was concern that the impact would be too large particularly for customers who only occasionally breach their MIC. Further, there would be no incentive on customers who breach their MIC to reduce their maximum demand below the exceeded MIC level for a further 12 months or the next review period.</p> <p>4. The Working Group reviewed and noted the comments. The Working Group highlighted that it gives customers an incentive to stay within their capacity regardless of the amount of headroom within the network.</p>

		<p>consultation. We would like to understand why the working group has chosen to (deliberately?) ignore consideration of more cost reflective solutions- give the focus of the intent was to improve cost reflectivity.</p> <p>3. If the reasoning of the working group is correct then it would seem that the excess charge should apply over a 12 month period (since the excess is in relation to customer contributions not made).</p> <p>4. The management of capacity is a broader than charging. Applying excess charges where the breach of an agreed capacity causes system issues (breaches of ESQCRs) are not addressed by this. The CP can only address issues where a customer takes excess capacity and there is headroom on the network to facilitate the customer taking the capacity</p> <p>5. As part of moving to Smart Grids it would seem appropriate to establish tariffs that allow for reduced capacity charges at off peak times (off peak of the demand at system tiers used to calculate capacity charges). This appears to have been abandoned , although previously discussed by the working group.</p>	<p>5. The Working Group consulted upon the option of having Time of Day exceeded capacity charges, but this was not progressed for a reasons which were raised in the previous consultation which included:</p> <ul style="list-style-type: none"> <li>• Significant system costs</li> <li>• Communicating the time bands</li> <li>• Having a different structure to the existing capacity charge which is uniform</li> <li>• Complexity of implementation and communication to customers</li> </ul>
UKPN	Non-confidential	No	
British Gas	Non-confidential	No comments on the model. However, we identified some anomalies with the tariffs provided in the impact assessment from UKPN (the changes to tariffs look erroneous), and the revenue assessment from SSE SHEPD (which suggests that revenue recovered from HH sites is reducing when the excess capacity charges are presumably increasing).	The Working Group agreed for the Secretariat to contact UKPN and SSE to give them the opportunity to address the issues before the Change Report is issued. <b>Action: ElectraLink</b>
WPD	Non-confidential	No	
ENWL	Non-confidential	We have reviewed the proposed CDCM model and are happy that it correctly incorporates the change proposal.	
Haven Power	Non-	No	

	confidential		
Anonymous 1	Confidential	None	
Northern Powergrid	Non-confidential	No	
SP Distribution/ SP Manweb	Non-confidential	None	
SSE Distribution	Non-confidential	It appears to adequately deal with the issue that DCP161 seeks to address.	
Gazprom Energy	Non-confidential	No	
NPower	Non-confidential	No	
<b>Company</b>	<b>Confidential?</b>	<b>Question Three - Do you have any comments on the proposed legal drafting?</b>	
WG General Response			The Working Group agreed to review the legal text in line with the comments received from UKPN and ENWL. <b>Action: ElectraLink</b>
EDF Energy	Non-confidential	No	
GTC	Non-confidential	Not reviewed in detail	
UKPN	Non-confidential	A Couple of the headings are not bold and left aligned – Capacity Value Calculations – Import Capacity Value Calculations – Export  There is a superfluous “is” in para 81 In para 81, could “half hourly settled demand users, except unmetered users” be better worded as “metered half hourly demand settled users”?	The Working Group discussed the proposed amendments in Paragraph 81 and concluded to leave them as drafted.

		Para 81 has a consequential impact on para 12, which would be clearer if it stated 'Half hourly settled metered demand tariffs only' for both the 'Capacity' and 'Exceeded Capacity' charge lines.	
British Gas	Non-confidential	No	
WPD	Non-confidential	No	
ENWL	Non-confidential	Schedule 20, paragraph 1.1 needs to be highlighted that the model version for the ARP will need to be amended. Schedule 17 and 18, paragraph 1.3 (a) needs to be highlighted that the model version for the EDCM will need to be amended. After Schedule 16, paragraph 154, the line "Capacity Value Calculations – Import" should be formatted as a title After Schedule 16, paragraph 158, the line "Capacity Value Calculations – Export" should be formatted as a title	
Haven Power	Non-confidential	No	
Anonymous 1	Confidential	None	
Northern Powergrid	Non-confidential	Not at this time	
SP Distribution/ SP Manweb	Non-confidential	None	
SSE Distribution	Non-confidential	No	
Gazprom Energy	Non-confidential	No comments	
NPower	Non-confidential	No	
<b>Company</b>	<b>Confidential?</b>	<b>Question Four - Do you have any comments on how this</b>	

		<i>change proposal, if accepted, should be communicated to customers?</i>	
WG General Response			The Working Group highlighted that they cannot mandate that certain Parties have to communicate the implementation of a change, only to progress the CP as it is set out. However, it was noted that it was in the best interest of the Industry to communicate effectively. The Working Group also highlighted that a template will be circulated with the Change Report, and subsequently issued to the DCMF MIG for further refinement and progression.
EDF Energy	Non-confidential	Customers should have every opportunity to discuss revising their capacity with the DNOs before this is implemented.	
GTC	Non-confidential	We think it is more in hope than in expectation that suppliers will communicate/ consult on these changes to their large power customers. We think alternative communication approaches to this customer group need to be considered. However we also suspect that there would be limited responses because many customers would find interpreting the technical solution too complex	The
UKPN	Non-confidential	We believe that the communication of this change to customers who are likely to be impacted should be Supplier led, as they will better understand the impact on their own customer's charges.	
British Gas	Non-confidential	DNO's should already be in communication with customers exceeding their agreed capacity. If this change proposal is approved, it would seem reasonable to include a paragraph in that communication to highlight that the charges levied on their supplier for these instances of exceeded capacity will be increasing, and that the customer should contact their supplier for further information.	
WPD	Non-confidential	This would need to be undertaken by the suppliers who have	

		access to up to date contact details for customers.	
ENWL	Non-confidential	Suppliers should be responsible for communicating this change proposal to their customers as they have the established relationship with the end customers. In addition, they may have different contractual arrangements with the customer which the DNO does not have access to and the customer could receive conflicting information from the DNO as a result. Notwithstanding these issues, Electricity North West already has a process in place to contact customers who breach their MIC/MEC and we will contact these customers to appraise them of the change to the methodology, once approved.	
Haven Power	Non-confidential	<p>Whilst we understand that DNOs do not generally hold customer contact details and suppliers need to take the lead, there are ways in which the DNOs can support suppliers and customers with the implementation of this change.</p> <p>A universal fact sheet and/or question and answer sheet is something which DNOs could provide to help suppliers with customer discussions.</p> <p>We believe that this change carries a responsibility for DNOs too and that a common process across all DNOs should be put in place that would allow customers to have their capacities reviewed and amended in a quick and efficient manner, based upon the information that the DNO holds about the connection and the metered consumption that is readily available.</p>	
Anonymous 1	Confidential	Perhaps DNOs could make these kinds of communications available to the public domain via their websites in the first instance.	
Northern Powergrid	Non-confidential	We support the proposal of using a common template to engage with customers regarding this change, but as the contract exists between the supplier and the customer, the supplier is better positioned to make the initial contact. As a DNO we do not hold email or telephone	

		contact details for half hourly customers, and hence our only means of making initial contact with the customer is by post direct to the site, which will be expensive and is likely to yield minimal benefit as the site address is often not a good contact address. We believe the onus should be on suppliers to engage with their customers but we will look to communicate effectively with customers in the event that they wish to change their agreed supply capacity.	
SP Distribution/ SP Manweb	Non-confidential	DNOs do not hold the information required to communicate the change to tariffs directly to CDCM customers. The structure of a customer's bill will also depend on the contract they have with their Suppliers therefore Suppliers would be better placed to inform customers of the impact of this change.	
SSE Distribution	Non-confidential	In line with the Supplier Hub principle, we agree with the view that Suppliers are best placed to communicate this change to the relevant customers should it be approved.	
Gazprom Energy	Non-confidential	We believe this is a critical element of the modification. The current charging structure means a customer pays the same capacity rate where their Maximum Import Capacity (MIC) is exceeded. The change proposal will impact customers financially where they exceed their agreed capacity and so there must be time for customers to review operations and agree a new MIC if desired. We believe the communication of the change should be led by DNOs as the MIC is agreed between a customer and its DNO. Likewise, where a customer desires to change its agreed MIC, it will need to be agreed with their DNO. A letter should be drafted with appropriate wording that is customer-friendly in order to aid make clear the potential impact. This communication may be complemented with supplier's communicating directly with their own impacted customers.	
NPower	Non-	We believe that both DNO's and Suppliers should engage with	

	confidential	customers to communicate this change. We believe it is important for DNO's to engage even with the difficulties they may face as the justification of this change to consumers will be difficult. The evidence that ENW has provided will help with this justification, however, we urge other DNO's who are experiencing these issues to demonstrate in a similar manner where possible the effects on their network of exceeded capacity.	
<b>Company</b>	<b>Confidential?</b>	<b>Question Five - Do you agree with the implementation date for DCP 161 of 1 April 2015? If not, please provide supporting comments.</b>	
WG General Response			The Working Group noted that the responses to this question were split among the DNO/IDNO and Supplier Parties.
EDF Energy	Non-confidential	Customers should have enough notice of this change to either update their capacity requirements with the DNO or look at alternative ways of reducing their capacity, 1 <sup>st</sup> April 16 as an implementation date would give customers reasonable notice.	
GTC	Non-confidential	Agreed	
UKPN	Non-confidential	Yes	
British Gas	Non-confidential	Yes	
WPD	Non-confidential	Yes	
ENWL	Non-confidential	Yes, we support the implementation date of April 2015. This change proposal will assist DNOs in managing their network and should be implemented as soon as possible.	
Haven Power	Non-confidential	Whilst we would elect for the implementation date to be delayed April 2017, we would like it to be no earlier than April 2016, as we would like to minimise the number of customers that would be affected by mid-contract changes.	

Anonymous 1	Confidential	April 2015 doesn't allow enough time for development, testing and implementation of changes needed for billing systems and processes to be updated to capture the new charges. The tight timescales could impact on our ability to recover these charges correctly from customers thereby impacting on revenue and creating customer service issues.	
Northern Powergrid	Non-confidential	Yes, based on the working group's proactive approach to stakeholder engagement there is no reason to delay. The sooner the change proposal is implemented, the sooner the benefits will be seen.	
SP Distribution/ SP Manweb	Non-confidential	Yes, we agree with the proposed implementation date.	
SSE Distribution	Non-confidential	Yes	
Gazprom Energy	Non-confidential	No, we believe that this modification should not be implemented earlier than April 2016. This will give more time for consumers to be made aware of the change and if desired, take the appropriate action.	
NPower	Non-confidential	No. April 2015 is now too soon to ensure customers are fully aware and able to adapt to this change. We believe that April 2016 at the earliest should be the target implementation date allowing customers the opportunity to adapt to this change in charging regimes.	
<b>Company</b>	<b>Confidential?</b>	<b>Question Six - <i>Do you consider there to be any costs or development charges associated with the implementation of DCP 161?</i></b>	
WG General Response			The Working Group noted that there would be some system changes and processes for Suppliers, but no material sums have been identified within the responses. It was identified that an exceeded capacity price already exists, but it was noted that some Parties

			will still need to make changes to their systems/processes.
EDF Energy	Non-confidential	Some systems may need changing to allow an exceeded charge into the pricing structure	
GTC	Non-confidential	There are likely to be costs for billing and invoice validation systems	
UKPN	Non-confidential	No	
British Gas	Non-confidential	We've not identified any changes that would incur any significant costs.	
WPD	Non-confidential	There will be no effect on our billing system and we anticipate 1 or 2 extra working days per DNO area to calculate the tariffs.	
ENWL	Non-confidential	There will be no additional costs to Electricity North West from this change proposal.	
Haven Power	Non-confidential	Yes. We expect costs will be incurred when implementing this change. System changes may also be required; however we have not been able to quantify these costs within the timescale provided.	
Anonymous 1	Confidential	Yes. We will need to change the way our billing systems recognise the increased excess capacity charge and there will be a time, resource and IT development cost associated with this.	
Northern Powergrid	Non-confidential	None that we are aware of.	
SP Distribution/ SP Manweb	Non-confidential	None	
SSE Distribution	Non-confidential	We believe that there will be implications for our billing system. At this time, we have not fully assessed these.	
Gazprom Energy	Non-confidential	There will be some internal system costs relating to DUoS invoicing. There may also be costs in identifying customers who are, or may be, affected and communicating with them the impact of the change.	
NPower	Non-	We will need to make minor changes to systems/process to	

	confidential	effectively support this change.	
<b>Company</b>	<b>Confidential?</b>	<b>Question Seven - Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please provide supporting comments.</b>	
WG General Response			
EDF Energy	Non-confidential	No	
GTC	Non-confidential	See comments above	
UKPN	Non-confidential	No	
British Gas	Non-confidential	No	
WPD	Non-confidential	No	
ENWL	Non-confidential	No	
Haven Power	Non-confidential	No	
Anonymous 1	Confidential	No	
Northern Powergrid	Non-confidential	Under the implementation of P272 if approved, there is a potential increased risk to individual customers in profile class 5 to 8 who move to half hourly settlement before having signed a connection agreement for any reason. In this circumstance these customers would be charged for all of their used capacity at the higher excess capacity rate. However if DNOs are able to manage the increased volume of connection agreements effectively then this should not be an issue.	The Working Group noted that this is a potential issue, and is also being discussed within the DCP 179 Working Group.
SP Distribution/ SP Manweb	Non-confidential	Not at this time	
SSE	Non-	It is possible that DCPs 137 (GDA); 133 (HIDAM); 169 (HH STOD);	The Working Group noted the points raised within this

Distribution	confidential	DCP178 (15 month notice); and, 185 (LDNO discount on 20% of residual revenue) could go live on 1 <sup>st</sup> April 2015. DCP123 (Revenue Matching) may go-live on 1 <sup>st</sup> April 2016. Individually, each of these will impact on the CDCM tariffs. The cumulative/net effects of these changes, in concert with those arising from DCP161, have not yet been assessed.	response, but highlighted that the Working Group have to progress each CP on its own merit.
Gazprom Energy	Non-confidential	No	
NPower	Non-confidential	No	