

DCUSA DCP 161 Questions – Collated Responses

Company	Question One - <i>Do you agree that exceeded capacity should be addressed through a higher exceeded capacity charge in addition to enforcing the customer's connection agreement?</i>
Julia Haughey –EDF Energy	No
Jonathan Wisdom - NPower	No
Franck Latremoliere - Reckon LLP	No
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	Yes
Laurie Harman – British Gas	Yes
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	No. We do not believe that this change should be used as a means of addressing individual DNOs' issues with customers exceeding capacity. This is not to say that we disagree with the charge, but the later questions on cost reflectivity are a more relevant argument.
Tom Chevalier – Power Data Associates	No - Any benefit of this approach is not clearly stated in the draft report
Company	Question Two - <i>Do you agree that amending the exceeded capacity charge will incentivise customers not to exceed their contracted capacity?</i>
Julia Haughey –EDF Energy	No
Jonathan Wisdom - NPower	Yes
Franck Latremoliere - Reckon LLP	Yes
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes - Either by reducing their demand or by agreeing a higher capacity
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	No- Not in every case
Laurie Harman – British Gas	Yes
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	Yes, provided that the DUoS charges levied by the DNO on the supplier are passed directly to the customer, and such costs are clearly broken down line by line on the customers' invoice so that the customer can clearly see the

	higher charge. As a DNO we are not in a position to ascertain whether this is the case.
Tom Chevalier – Power Data Associates	No - It may encourage customers to review their MIC and increase, where necessary, so they avoid excess charges. But no evidence has been provided to demonstrate whether this can be expected to happen. It may also result in customers retaining un-used capacity to avoid excess charges in the future. If the customer needs to exceed their capacity to meet some load requirement, then they will, and suffer the costs subsequently.
Company	Question Three - <i>If the higher exceeded capacity charges incentivise customers not to exceed their contracted capacity, do you agree that this may ultimately reduce the need for investment in network reinforcement?</i>
Julia Haughey –EDF Energy	No
Jonathan Wisdom - NPower	No
Franck Latremoliere - Reckon LLP	No
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes - Emphasis on the word may here, dependent on the financial materiality to any given customer it may encourage them to alter their behaviour either by reducing their overall demand or changing the spreading the load to reduce the required capacity.
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	Yes – in the short term
Laurie Harman – British Gas	Yes
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	Yes. If this incentive has an impact, and customers do indeed respond to the increased cost of exceeded capacity and either reduce demand to remain within their ASC or request an increase then this will lead to DNOs having a clearer picture of network use and enable them to manage networks more efficiently. The use of excess capacity is unpredictable to the DNO, so if the use of exceeded capacity can be reduced then the DNO would be able to forecast network use more accurately and potentially allow the DNO to reduce the headroom required on the network.
Tom Chevalier – Power Data Associates	No - There are two different aspects of network reinforcement relevant to this debate. The immediate customer connection (service cable) and the remainder of the LV/HV network (ultimately back to the GSP connection). In one DCUSA meeting we debated the difference between the GSP peak demand and the sum of the MIC. There is a significant difference. The immediate connection has a physical capability, which will be protected by a fuse or circuit breaker. This

	<p>protection is required to prevent damage, not to limit load.</p> <p>The wider distribution network becomes difficult to relate to an individual customer as it is supplying a number of customers and good engineering practice allows for diversity. Each customer's load will peak at different times of the day/week/month. Somewhere on a network there may be a part which is the critical point. But each customer could potentially use their load up to their MIC and exceed this critical network load. This proposal will not stop that happening. This is the gamble the DNO has taken in 'sweating the assets' without investment in system reinforcement.</p> <p>Conversely there may be parts of distribution networks which, often for historic reasons, are currently 'over engineered' where any addition customer load is welcomed because it would not require any network reinforcement.</p> <p>The concept is little different to the areas where there is too much generation entering the network, which in those areas and additional generation would trigger reinforcement. These areas are now identified and incentives not to connect more generation in those areas. A similar approach could be adopted for demand. ENWL are running a trial scheme about customers agreeing not to having the conventional security of supply, this may feed into this debate</p>
Company	Question Four - <i>If the higher exceeded capacity charges ultimately reduce the need for investment in network reinforcement, do you agree that this is a benefit of the amendment to the exceeded capacity charge?</i>
Julia Haughey – EDF Energy	Yes
Jonathan Wisdom - NPower	Yes – But it has not been demonstrated
Franck Latremoliere - Reckon LLP	No
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	Yes
Laurie Harman – British Gas	Yes – provided the charge is cost reflective
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	Yes. This seems tautologous – if action A leads to positive outcome B then outcome B can be seen as a benefit of action A.
Tom Chevalier – Power Data Associates	No - Only if, the customer can control their load to keep below a previously agreed MIC and the network capacity in the local area is constrained so that reinforcement would be necessary.

	<p>In an example of an HV connected customer in an area where the network is historically strong but underused. Then an HV customer using more power would be welcomed by the DNO as there is no reinforcement required and it enables their underused asset to generate additional revenue at no cost. The customer should not incur any excess charges.</p> <p>In an example where there are ten commercial units each with a 70kVA service cable capacity (total 700kVA), but they are all fed from a nominal 300kVA transformer. The transformer will be under rated to reflect diversity across the commercial units as at any time some of which may be empty, others may use a few lights and a kettle, whereas others may use near the 70kVA capacity. So if 5 units had a MIC of 70kVA (=350kVA) then unit number six asked for 50kVA would it be right to charge them to install a new transformer? Does charging an excess charge make any difference to the scenario? Would customers 'retain' unused capacity in their MIC in case they need it in the future, so that the Distributor may not be able to release underused capacity to another customer?</p>
Company	Question Five - <i>Do you agree that amending the calculation of the exceeded capacity charge by removing customer contributions increases the cost reflectivity of the charge?</i>
Julia Haughey –EDF Energy	No
Jonathan Wisdom - NPower	No
Franck Latremoliere - Reckon LLP	Yes
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	Yes
Laurie Harman – British Gas	Yes
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	Yes. We agree that a customer should not receive a discount on exceeded capacity which has not been paid for under customer contributions. We feel this is the only strong argument for the change.
Tom Chevalier – Power Data Associates	No - I am unclear why customer contributions are relevant to any calculations. Some customers made contributions tens of years ago towards their connection I am unclear how there are factored into the calculation. Where a customer has paid an ICP for a connection, how are these factored into the calculation?
Company	Question Six - <i>Do you agree that the case for cost reflectivity has been demonstrated within the change report?</i>
Julia Haughey –EDF Energy	No

Jonathan Wisdom - NPower	No
Franck Latremoliere - Reckon LLP	No (based on the last draft from yesterday)
Andy Pace -ENWL	Yes
Richard Ellis - WPD	Yes
Chris Ong - UKPN	Yes
Tim Porter – SSE Distribution	Yes
Laurie Harman – British Gas	Yes
Kathryn Evans – SP Power Systems	Yes
Andrew Enzor - NPG	No
Tom Chevalier – Power Data Associates	No
Company	Question Seven - Do you consider the exceeded capacity charge to be penal?
Julia Haughey –EDF Energy	Yes
Jonathan Wisdom - NPower	Yes
Franck Latremoliere - Reckon LLP	Yes
Andy Pace -ENWL	No
Richard Ellis - WPD	Yes - Although the excess capacity charge is more cost reflective by charging it for a month, potentially for just one transgression, could be regarded as punitive. We do not see this as a negative thing as it may encourage the behaviours described above.
Chris Ong - UKPN	No
Tim Porter – SSE Distribution	Yes
Laurie Harman – British Gas	No
Kathryn Evans – SP Power Systems	No
Andrew Enzor - NPG	This charge is no more penal than the current charge. It can be argued to be more cost reflective (question 5) than simply applying the same charge as the agreed capacity, but the question of a penal charge comes down to whether this charge is being levied as an attempt to force customers to negotiate new terms with the DNO, or whether the costs on the network can be shown.
Tom Chevalier – Power Data Associates	This is a legal issue. Has legal advice been obtained? I expressed the view at the beginning of this workgroup that the connection agreement has a clause which enables the Distributor to take action against a specific customer based on a specific situation. As identified above the impact of exceeding a MIC for some customers is nil, so if the customer is charged ‘excess charges’ then is that fair? Some may regard as a penalty.

