

**DCUSA DCP 198 Consultation Responses – Collated Comments**

Question One	Do you agree with the intent of DCP 198?	Working Group Comments
<b>Working Group General Comments</b>		The Working Group noted that the overall majority of respondents agree with the intent of DCP 198
ENWL	Yes	
ESP Electricity	Yes	
The Electricity Network Company	<p>We acknowledge that the bringing of the PCDM Excel workbook under the DCUSA governance has enabled an anomaly to be identified between the PCDM model used by DNOs to calculate IDNO charges and the legal text used to describe the model.</p> <p>Therefore, we agree with the intent in its broader context. However, for the avoidance of doubt, we believe the work that should be undertaken is to align the legal text so that it reflects the model and methodology actually used by DNOs.</p> <p>We believe that this anomaly has (in part) arisen as a consequence of the failure to bring the PCDM Excel work book under DCUSA governance at the same time that the CDCM methodology (which includes the Excel work books) was.</p>	
Northern Powergrid	Yes, Northern Powergrid agrees with the intent of DCP 198. The words in DCUSA and the functionality of	

	the model should be aligned.	
Scottish Power Distribution	Yes	
UK Power Networks	Yes	
<b>Question Two</b>	<b>Do you agree with the principles of DCP 198?</b>	
<b>Working Group General Comments</b>		The Working Group noted that the overall majority of respondents agreed with the principles of DCP 198.
ENWL	Yes	
ESP Electricity	Yes	
The Electricity Network Company	<p>We are not sure what principles have been set out in DC198. However we agree:</p> <ul style="list-style-type: none"> <li>• that the legal text should align with the methodology used.</li> <li>• that it is the legal text that needs amending.</li> </ul> <p>If parties then consider the PCDM workbook together with the legal text are considered to be “flawed” (i.e. changes are required so that the methodology better meets the relevant objectives), separate, specific change proposals should be raised</p>	
Northern Powergrid	Yes, Northern Powergrid generally agrees with the principles of DCP 198.	
Scottish Power Distribution	Yes	
UK Power Networks	Yes	

<b>Question Three</b>	<b>Do you think that the Working Group should progress with Option 1 - Amend the PCDM to match the legal text as set out in the DCUSA? Please provide supporting comments of why you agree or disagree with this option.</b>	
<b>Working Group General Comments</b>		The Working Group noted that the majority of respondents were against progressing with Option 1. It was also noted that ENWL supported a mixed approach including elements of both Option 1 and 2.
ENWL	No – There are a number of issues. Some of these should be addressed by amending the legal text and some by amending the model. Please see our response to Q5 for Electricity North West's view on the appropriate treatment of each issue.	
ESP Electricity	No, reasons given in Answer 4.	
The Electricity Network Company	<p>No. We do not support such work.</p> <p>We think that taking such an approach is inconsistent with the development of the PCDM.</p> <p>The workgroup should recall that the PCDM Excel work group was developed first and the legal text developed second to describe the work group</p>	
Northern Powergrid	It is not clear from the information provided in the consultation which option is the appropriate course of action. The working group needs to clearly state	The Working Group reviewed and noted this comment, but reiterated that this consultation was only to garner views from

	the principals and functionality of both the model and the legal text which differ and explain why it is believed one is more appropriate than the other.	the Industry as to what the preferences may be in regard to each Option, not to give a final view as to which one is more appropriate.
Scottish Power Distribution	<p>Yes, on balance we believe that as the legal text is within DCUSA the model should reflect the legal text. Any change required to the legal text should be progressed through specific change proposals if necessary.</p> <p>Although we believe Option 1 is possibly the best solution, we would like to review what would need to be changed in the legal text to match the current model release.</p>	
UK Power Networks	Please see our response to Q4	
<b>Question Four</b>	<b>Do you think that the Working Group should progress with Option 2 - Amend the legal as set out in the DCUSA to match the PCDM? Please provide supporting comments of why you agree or disagree with this option.</b>	
<b>Working Group General Comments</b>		The Working Group noted that the majority of respondents agreed that Option 2 is the preferred way to progress the CP.
ENWL	No – There are a number of issues. Some of these should be addressed by amending the legal text and some by amending the model. Please see our response to Q5 for Electricity North West's view on	

	the appropriate treatment of each issue.	
ESP Electricity	Yes. ESPE believe that the way that the PCDM was formed (i.e. that the model was created first and then the legal text written around the model) means that for any discrepancies between the model and legal text, the model should be seen as the definitive source. By potentially changing the legal text rather than the model, it also alleviates any concerns that tariffs could be impacted and increases certainty about prices.	
The Electricity Network Company	<p>The PCDM Excel workbook brought under DCUSA governance by DCP 129 is the work book that DNOs have used to determine IDNO charges since the CDCM came into being. We believe that the work book was developed first (and agreed) and that the legal text was then developed as a description. Therefore we believe it the description that is in error, not the work book</p> <p>Under DCP 129 some work was required to ensure that a single common work book could be used. Previously to this different DNOs had implemented some differences. On completing this work, DNOs confirmed that the charges produced by the workbook under DCP 129, replicated those produced by their own spreadsheets.</p> <p>I.e. the work book brought in by DCP129 did not change the methodology used by DNOs, nor did it</p>	

	change the IDNO tariffs.	
Northern Powergrid	Please see question 3.	
Scottish Power Distribution	Any models provided should reflect the legal text held within DCUSA.	
UK Power Networks	While in normal circumstances the model should support the text, the express intention of DCP129 was to prioritise bringing the existing model under DCUSA governance. We therefore consider this case to be unique and the intention of DCP129 should be carried through to the legal text i.e. the model should take priority. However the formula errors which have been identified would still need to be addressed within the model, whether this should be addressed as part of DCP198 or as part of a separate change proposal is a decision for the DCP198 WG to decide.	
<b>Question Five</b>	<b>Are there any alternative solutions or matters that should be considered by the Working Group?</b>	
<b>Working Group General Comments</b>		The Working Group reviewed the responses and noted that it was the majority view of the respondents and the working group to progress with Option 2 which will align the legal text to the model.
ENWL	<p><b>A number of issues have been identified. We believe these should be corrected as follows:</b></p> <p><i>In the DCP 129 model, the formulas in 'Calc-Net capex'!C55 and 'LR1 Refs'!C55 are manifestly wrong</i></p>	The Working Group reviewed this response and noted that these issues were previously identified, and that these issues with formulae should be dealt with in separate change proposals.

	<p><i>and are inconsistent with the only reasonable interpretation of schedule 16 paragraph 107. The correct formula is probably <math>C50/(C50+C51)</math>. That error has been present in method M models since before the original CDCM approval. – <b>The legal text is the correct interpretation and the PCDM should be amended to correct this error</b></i></p> <p><i>In schedule 16 paragraph 111, the legal text seems to be asking for an aggregate of incentive revenues and transmission exit charges across 2005–2010 whereas the model uses data for a single year. – <b>The legal text should be amended to bring it in line with the PCDM</b></i></p> <p><i>In schedule 16 around paragraph 113, the legal text is not very clear, and the model does not implement the methodology in the way suggested in the legal text. The legal text asks for percentages summing to 100 per cent for the various network levels. In the model this is not the case as there is a special “Not to be split” pseudo-level, which captures the amounts referred to (somewhat cryptically) in paragraphs 103 and 111 of the legal text. I think that the answer from the model for HV and LV discounts agrees with an interpretation of the legal text under which the paragraph 103 and 111 amounts are classified as EHV, so this issue probably has no impact on CDCM method M discounts. (Note that DCP 118 modifies these aspects of the legal text.)- <b>Review and amend the legal text if required</b></i></p> <p><i>10. The text of schedule 16 makes no reference to</i></p>	
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	<i>the special UKPN arrangements for method M.</i> - <b>Amend the legal text to take account of the UKPN option</b>	
ESP Electricity	None	
The Electricity Network Company	The PCDM is not perfect by any means and we would agree with comments that this methodology requires further development. However, this should be done through separate change models and not through the back door under the auspices of aligning text with an Excel work book.	
Northern Powergrid	None	
Scottish Power Distribution	None	
UK Power Networks	No	