DCP 160 CHANGE DECLARATION

VOTING END DATE: 12 SEPTEMBER 2016

DCP 160- NON-HALF HOURLY (NHH) NOTIONAL CAPACITY	WEIGHTED VOTING				
	DNO	**IDNO**	**SUPPLIER**	**DISTRIBUTED GENERATOR**	**GAS SUPPLIER**
CHANGE SOLUTION	Accept	Reject	Reject	n/a	n/a
IMPLEMENTATION DATE	Accept	Reject	Reject	n/a	n/a
RECOMMENDATION	***Part 1 Matters*** **Change Solution – Reject.** For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the change solution was less than 50%. **Implementation Date – Reject.** For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was less than 50%.				
PART ONE / PART TWO	**Part One** – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				

Electricity North West Limited	Reject	Reject	We are persuaded by the argument made by the working group that the industry has made changes since the proposal of this solution that now alleviate the key issue this change is seeking to address, namely, the Smart Metering roll-out, P272 and DCP179.	We note that other industry changes have been implemented in the intervening period which have alleviated the issue originally identified by the proposer of this change proposal, and so arguably this change proposal is no longer necessary. However we are supportive of the principles of this change proposal and the alignment of methodologies resulting in a change to the fixed charge element of the NHH tariffs.
Northern Powergrid (Northeast) Limited	Reject	Accept	We feel that this change may no longer be necessary, and with DCP 179 having reduced some of the differences between non-half hourly (NHH) and half hourly (HH), and with the move towards smart metering we expect in one way or another HH data will be available for most customer groups in the not too distant future. We therefore do not believe that this change better facilitates any of the DCUSA objectives.	We remain unconvinced that there is a notional spare capacity created by HH customers as there will always be an element of 'spare' capacity on the networks, as this is how they are designed to provide security of supply to customers. We believe the Common Distribution Charging Methodology (CDCM) currently reflects reasonably well the differences in the planning process between HH and NHH customers, and that the capacity requested by HH customers is 'reserved' and not 'spare'.
Northern Powergrid (Yorkshire) Plc	Reject	Accept		
SP Distribution	Accept	Accept	Objective 1 and 3 for both Charging and General.	n/a
SP Manweb	Accept	Accept		

Southern Electric Power Distribution	Reject	Reject	We do not believe any of the DCUSA Objectives are better facilitated by this change.	We do not believe the proposed application of a notional 'spare capacity' value to NHH tariffs is any more cost reflective than the current methodology, which accurately reflects the network planning process for HH and NHH customers. On this basis, we see no justifying advantage to support implementation of this CP.
Scottish Hydro Electric Power Distribution	Reject	Reject		
Eastern Power Networks	Accept	Accept	Charging objective 3 is better facilitated as a result of this change, in that an existing difference in how NHH and HH charges are calculated will be largely reduced as a result of this change. This change will make cost allocation fairer between NHH and HH metered consumers.	n/a
London Power Networks	Accept	Accept		
South Eastern Power Networks	Accept	Accept		
Western Power Distribution South West	Accept	Accept	DCUSA Charging Objective 3 as DCP160 seems more cost reflective	n/a
Western Power Distribution South Wales	Accept	Accept		
Western Power Distribution Mid East	Accept	Accept		
Western Power Distribution Mid West	Accept	Accept		

IDNO PARTIES

ESPE	Reject	Reject	ESPE does not agree that the introduction of DCP 160 will better facilitate any of the DCUSA General or Charging Objectives.	n/a
The Electricity Network Company	Reject	Reject	We do not believe that it has been clearly demonstrated that the implementing the CP better achieves the objectives. We believe there is confusion in determining what is used and what is reserved capacity. HH customers choose to enter into an agreement for an agreed capacity. without reinforcement.	This CP seeks to, in effect, impose charges for a deemed maximum capacity, irrespective of whether a consumer wished to use it. If a NHH customer was at or near the limit of the physical capacity of the service line or of a pole mounted equipment for rural customers the additional, unutilised, maximum capacity for which they are being charged is unavailable without reinforcement. Please see separate document attached with this response. **Notice of this change proposal was only sent to us at 1800hrs on 2 September, and not on the 19 August 2016 as indicated in the Change Report. This has given us only 6 working days to consider our response. This is unacceptable and we raise the matter as a formal complaint to the panel**.

SUPPLIER PARTIES

British Gas	Reject	Reject	We do not consider that DCP 160 better facilitates any of the DCUSA objectives.	As has been set out in the Change Report, the implementation of DCP 130 and DCP 179 should have produced a charging methodology which has significantly reduced any differences in the cost allocation mechanisms that are applied to any individual customer, regardless of whether that customer is settled on a HH or NHH basis i.e. the methodology should result (on average) in the same level of charges for the ***same*** customer regardless of whether that customer is settled HH or NHH. We are supportive of this principle. However, DCP 160 seeks to go further by removing the differences in cost allocation mechanisms between HH and NHH charges for ***different*** customers with respect to the treatment of capacity. This is inappropriate because it seems clear that the network planning process is different for HH and NHH customers (or large CT metered and small WC metered customers) and therefore it is appropriate that the CDCM tariffs are derived in a way that reflects the different treatment of customers in that planning process. We also consider that with any CT metered customers moving to HH charging with capacity charges as part of

				P272, DCP 160 has become redundant since all CT metered customers will be being charged on the same basis with regards to capacity and all WC metered customers will be being charged on the same basis with regards to capacity, and in both cases in line with the network planning process. Each individual HH customer has an agreed capacity. The network will have been designed (and reinforced if required) to provide that agreed capacity and the DNO is obliged to make that agreed capacity available to that customer. If a HH customers' maximum demand is lower than their agreed capacity and the extra capacity is not required, the customer is free to reduce their agreed capacity accordingly – but until such time as they do, paragraph 12.2 of the National Terms of Connection requires that this capacity remains reserved for that customer. It is therefore appropriate and cost reflective that capacity reserved by HH customers is paid for by HH customers. NHH customers are paying for capacity on a diversified basis in the CDCM. Whilst this means that the true amount of capacity used by any individual NHH customer may be higher than the

				capacity assumed for the purposes of calculating CDCM tariffs, this is consistent with the way that networks are designed and reinforced for such small customers (on the basis of assumed diversified maximum demands). Smaller WC metered customers also do not have the same rights to capacity as CT metered customers since paragraph 12.2 of the National Terms of Connection does not apply to them. DCP 160 seeks to charge NHH customers for capacity to which they do not have any right to which is inappropriate. It is therefore appropriate and cost reflective that NHH customers pay for capacity on a diversified basis as is done currently in the CDCM. We recognise that there will always be an element of *genuine* spare capacity on the networks – however this is reflective of the lumpy nature of reinforcements and the need to design networks to provide security of supply rather than by HH customers not using their full agreed capacity. Such genuine spare capacity is beneficial to both NHH and HH customers and under the current CDCM is paid for by both (either through the network costs in the CDCM or through scaling). However even if any adjustment were justified we do not

				believe that the proportion suggested by the CP is appropriate for the following reasons: i) The factor proposed is the ratio between the average maximum demand and capacity from a HH tariff at the same voltage level. There is no HH tariff (with a capacity charge) which could reasonably claim to be 'similar' to the domestic or small non-domestic tariffs and so it is inappropriate to assume the two sets of customers can be treated as identical for the purpose of capacity utilisation. ii) The difference between HH agreed capacity and HH maximum demand is driven primarily by HH customers choosing to reserve more capacity than they currently require. The proportion would be inappropriate to apply to NHH customers because: (1) NHH customers would not be able to '**choose**'

				to reduce their capacity requirements to remove any notional reserved capacity (unlike HH customers) since it would be converted to a fixed p/mpan/day; and, (2) NHH customers are not able to '**reserve**' the additional capacity they would be being charged for. We consider that the additional capacity being allocated to domestic tariffs in particular cannot be justified as cost reflective. The diversified domestic maximum demand averages over 3.5kVA which we believe is significantly in excess of network planning standards. Also, whilst it seems to be an existing feature of the methodology, it not clear why domestic and small non-domestic customers are allocated the same capacity. The impact assessment shows that LV HH capacity charges would reduce significantly despite these costs reflecting the capacity that these customers are reserving on the network.

				This is inappropriate and would hinder the development of an efficient and economical distribution system. This change would also seem to create the perverse situation whereby the more that LV HH customers reserve on the network, over and above what they actually require, the more that NHH customers will be charged – which in turn will reduce the charges for the LV HH customer group which are reserving the unnecessary capacity.
Scottish Power Energy retail Limited (SPERL)	Reject	Reject	SPERL do not believe that DCP 160 better facilitates any of the DCUSA Objectives.	Our understanding is that NHH customers may find themselves laden with costs that they have limited ability to control. In addition we believe that the progressive shift to smart metering will allow HH data to be available to most customer groups.
SmartestEnergy	Accept	Accept	This change reduces the disproportionate cost burden for HH customers by increasing the proportion of allowed revenues charged to NHH. It is therefore consistent with Charging Principles 2 and 3.	No

SSE Energy Supply	Reject	Reject	n/a	The proposed methodology is a viable alternative to that already in place, but there is no convincing argument to say that it is better.

DISTRIBUTED GENERATOR PARTIES				
n/a				

GAS SUPPLIER PARTIES				
n/a				