

DCP 311 'Clarification of NUF cap and collar calculations' combined Consultation responses

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 311?
Electricity North West	Non-confidential	Yes.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes.
SP Distribution and SP Manweb	Non-confidential	Yes we understand the intent of DCP 311.
WPD	Non-confidential	Yes

Company	Confidential/ Anonymous	2. Are you supportive of the principles of DCP 311? If not, why not?
Electricity North West	Non-confidential	Yes.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes, the changes for the amended solution are in line with our understanding of the historical arrangements and the intent of DCP 138.
SP Distribution and SP Manweb	Non-confidential	Yes we are supportive of the principles of DCP 311.
WPD	Non-confidential	Yes

Company	Confidential/ Anonymous	3. Are you aware of any reason why there is only a two-year jump between the charging years 2020/21 – 2022/23 and 2023/24 – 2025/26 instead of a three-year jump which was introduced by DCP 138? If yes, then please provide your rationale.
Electricity North West	Non-confidential	No, we are not aware of any reason for this.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No. We believe the additional lag introduced for 2023/24 charges has occurred as a result of a legal text drafting error introduced by DCP 138. We agree with the Working Group that this additional year lag should be removed.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Not aware.
SP Distribution and SP Manweb	Non-confidential	We are not aware of any reason why there is only a two-year jump between charging years 2020/21 – 2022/23 and 2023/24 – 2025/26 instead of a three-year jump which was introduced by DCP 138.
WPD	Non-confidential	No

Company	Confidential/ Anonymous	4. Do you agree with the Working Group decision to remove legal text clauses which relate to previous years (i.e. years up to and including charging year 2019/20)?
Electricity North West	Non-confidential	Yes, we agree with this approach.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we believe this improves transparency in the legal text by removing clauses which are not relevant, whilst not compromising the transparency of legal text which was used for charges in previous years which remains available in previous versions of the DCUSA.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	We agree that legal text clauses that relate to cap/collar NUFs in charging years up to 2019/20 should be removed from 1 st April 2020.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group's decision to remove legal text clauses which relate to previous years.
WPD	Non-confidential	Yes

Company	Confidential/ Anonymous	5. Do you agree with the Working Group approach to implement an enduring solution in the legal text which doesn't refer to specific years?
Electricity North West	Non-confidential	Yes, we agree with this aspect of the proposed solution.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we agree with this approach which aligns this area more closely to other areas of the legal text which continue in perpetuity unless a change is raised, rather than relying on a change being made at a defined point in the future as the current legal text would require.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	We agree that the enduring solution is more effective, but believe that removing all references to the cap/collar used in the EDCM may be counterintuitive to trying to be as clear/transparent as possible in the methodology. This table would only require updating every three years when a new average of the previous charging years was calculated.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group's approach to implement an enduring solution in the legal text which doesn't refer to specific years.
WPD	Non-confidential	Yes

Company	Confidential/	6. Do you agree with the overall solution proposed by the Working Group?
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	Anonymous	
Electricity North West	Non-confidential	Yes, we agree with the overall solution proposed.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we believe the solution developed by the Working Group appropriately resolves the defect identified.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes apart from comments in answer 5.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the overall solution proposed by the Working Group.
WPD	Non-confidential	Yes

Company	Confidential/ Anonymous	7. Do you consider that the proposal better facilitates the DCUSA charging objectives? Please give reasons to support your answer.
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Electricity North West	Non-confidential	<p>We agree with the working group assessment that the proposal better facilitates the following DCUSA charging objectives:</p> <p>Charging Objective One by ensuring that DNOs are able to comply with the legal text of the DCUSA;</p> <p>Charging Objective Three by removing an unnecessary year lag in the calculation of NUF caps and collars, and so ensure that the latest and most up to date available network data is used when setting charges; and</p> <p>Charging objective Six by ensuring that the legal text is unambiguous, and the calculation of caps and collars in 2018 for use in 2020/21 charges can be carried out efficiently.</p>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>Yes. As the Proposer of this change, our view of the impact on the objectives and rationale remains unchanged from that presented in the change proposal; namely:</p> <p>Charging objective one will be better facilitated by ensuring that DNOs are able to comply with the legal text of the DCUSA.</p> <p>Charging objective two will not be impacted.</p> <p>Charging objective three will be better facilitated by removing an unnecessary year lag in the calculation of NUF caps and collars, ensuring that the latest and most up to date available network data is used when setting charges.</p> <p>Charging objective four will not be impacted.</p> <p>Charging objective five will not be impacted.</p> <p>Charging objective six will be better facilitated by ensuring that the legal text is unambiguous, and the calculation of caps and collars in 2018 for use in 2020/21 charges can be carried out efficiently.</p>
Southern Electric Power Distribution plc and Scottish Hydro Power	Non-confidential	<p>Agree with the Working Group that there will be positive impacts to Objective 1 and 3.</p>

Distribution plc		
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group that the proposal better facilitates the DCUSA charging objectives, one, three and six.
WPD	Non-confidential	Yes as it provides clarity.

Company	Confidential/ Anonymous	8. Are you aware of any wider industry developments that may impact upon or be impacted by this Change Proposal?
Electricity North West	Non-confidential	None within the timescale of this change and in this same area.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No. Whilst this change is being implemented at a time of significant change in the industry (for example the Targeted Charging Review and work of the Charges Futures Forum Task Forces), the change is predominantly focussed on improving ambiguous legal drafting and so ensuring DNOs can maintain the status quo whilst also remaining DCUSA compliant. Hence we do not believe this change impacts on the more fundamental ongoing industry developments.
Southern Electric Power Distribution plc and Scottish Hydro Power	Non-confidential	Not aware.

Distribution plc		
SP Distribution and SP Manweb	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by this Change Proposal.
WPD	Non-confidential	No

Company	Confidential/ Anonymous	9. The proposed implementation date is 01 April 2020. Do you agree this is appropriate? If not, why not?
Electricity North West	Non-confidential	Yes, this is the appropriate date as the charges set this year for 20/21 should reflect the proposed solution.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we agree with the proposed implementation approach.
Southern Electric Power Distribution plc and Scottish Hydro Power	Non-confidential	Yes.

Distribution plc		
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the proposed implementation date of 1 April 2020.
WPD	Non-confidential	Yes

Company	Confidential/ Anonymous	10. Do you have any comments on the legal drafting?
Electricity North West	Non-confidential	<p>The legal text states that the NUFs are calculated triennially, and states that the three year cycle was started in December 2015. We believe that the drafting could be refined so it is clear that the calculation doesn't need to be undertaken in December.</p> <p>Original proposed text</p> <p>18.6 Caps and collars are recalculated triennially, with the values used remaining at the most recently calculated values in years where the calculation is not carried out. The three year cycle was established when caps and collars were calculated when determining 2017/18 charges (in December 2015).</p> <p>Refined suggested text</p> <p>18.6 Caps and collars are recalculated triennially, with the values used remaining at the most recently calculated values in years where the calculation is not carried out. This three year cycle was established when caps and collars were calculated when determining 2017/18 charges (in 2015).</p>
Northern Powergrid on behalf of Northern Powergrid (Northeast)	Non-confidential	<p>We have one minor comment on the drafting of clause 18.6 which we believe could be clearer. We suggest:</p> <p><i>“Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in December</i></p>

Ltd and Northern Powergrid (Yorkshire) plc		<p><i>2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.”</i></p> <p>For the avoidance of doubt, we are comfortable that both the original proposed legal text and this suggested redraft meet the intent of the change and do not leave room for interpretation and so would have no objection to the Working Group maintaining the original drafting, but we believe the suggested redraft is easier for the reader to follow.</p>
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	No apart from answer to question 5.
SP Distribution and SP Manweb	Non-confidential	We have no comments on the legal drafting.
WPD	Non-confidential	No