





DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 326</h1> <h2>Introduction of Load Diversification Identifiers for Load Managed Areas</h2> <p><i>Raised on 20 June 2019 as a Standard Change</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<b>Purpose of Change Proposal:</b> <p>DCP 326 seeks to introduce a simplified process for retaining the diversification of demand in Load Managed Areas (LMA) during the replacement of Radio Teleswitch System (RTS) controlled metering equipment by Suppliers or post the decommissioning of the RTS.</p>		
	<p>This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 326 – ‘Introduction of Load Diversification Identifiers for Load Managed Areas’.</p> <p>Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by <b>12 July 2019</b></p> <p>The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.</p> <p>If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.</p>	
	 <p>Parties Impacted: <b>DNOs, IDNOs, and Suppliers</b></p>	
	 <p>Impacted Clauses:</p> <p>Schedule 8 – Demand Control</p>	

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<p>The timetable for the progression of the CP is as follows:</p> <p><b>Change Proposal timetable</b></p> <table><tr><th>Activity</th><th>Date</th></tr><tr><td>Initial Assessment Report Approved by Panel</td><td>11 July 2018</td></tr><tr><td>First Consultation issued to Parties</td><td>5 December 2018</td></tr><tr><td>Second Consultation issued to Parties</td><td>2<sup>nd</sup> April 2019</td></tr><tr><td>Change Report issued to Panel</td><td>19 June 2019</td></tr><tr><td>Change Report issued for Voting</td><td>21 June 2019</td></tr><tr><td>Party Voting Ends</td><td>12 July 2019</td></tr><tr><td>Change Declaration Issued to the Authority</td><td>16 July 2019</td></tr><tr><td>Authority Decision</td><td>20 August 2019</td></tr><tr><td>Implementation</td><td>6 months after Authority approval</td></tr></table>			Activity	Date	Initial Assessment Report Approved by Panel	11 July 2018	First Consultation issued to Parties	5 December 2018	Second Consultation issued to Parties	2 <sup>nd</sup> April 2019	Change Report issued to Panel	19 June 2019	Change Report issued for Voting	21 June 2019	Party Voting Ends	12 July 2019	Change Declaration Issued to the Authority	16 July 2019	Authority Decision	20 August 2019	Implementation	6 months after Authority approval
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## 1 Summary

### What?

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity distributors, electricity suppliers and large generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 The intention of this CP is to modify the wording in Schedule 8 of the DCUSA to provide a more practical way of ensuring diversification of switched load timing in LMAs and introduce a process to facilitate this (Attachment 8).

### Why?

- 1.3 Distributors may, from time to time, designate part of their network as an LMA<sup>1</sup> where they have identified a need to reinforce or extend the capacity of such areas and have been able to avoid or defer the need for such reinforcement or extension through limiting the coincidence of switched load by adopting to control the Load Switching Regimes.
- 1.4 Currently LMAs have diversification through the use of the numerous Standard Settlement Classes (SSCs) to ensure switched load such as night storage heaters and water heating does not occur simultaneously.
- 1.5 To maintain the best value for money for the customer it is important to retain this load diversification particularly where, on parts of the distribution network for example in the highland and islands, they were designed to use this approach. If it is not retained the estimated cost in the Scottish Hydro Electric Power Distribution (SHEPD) Licence area alone is in the region of £718m<sup>2</sup>. In conjunction with this report there was also a supporting technical paper which was published for some additional technical detail<sup>3</sup>. Making the most efficient use of networks, through diversification of switched load timing (such as night storage heating) is well aligned with the abilities that are being developed as part of the transition to Distribution System Operator.
- 1.6 The diversification of switching times which enables networks to be utilised efficiently and cost effectively is under threat as metering systems are changed to accommodate smart metering through the removal of existing switch load timing systems such as RTS. It should be noted that it will not be possible to have visibility of dynamic switching times used by RTS due to the variable nature of the switching instructions made by the specific supplier who acts as the Group Code sponsor.

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<sup>1</sup> LMAs currently exist in SSEPD and WPD network areas.

<sup>2</sup> Derived from an EA Technology Ltd (EATL) report written in 2012 – Attachment 3

<sup>3</sup> The technical paper can be found in Attachment 4

- 1.7 There is no defined process to retain the diversification that is obligated in Schedule 8. Since this diversification will be required indefinitely, this CP endeavours to make Schedule 8 easier to comply with and ensures that it is more sustainable into the future.

## How?

- 1.8 The solution involves the creation of new Line Loss Factor Class (LLFC)s in preference to a Load Diversification Identifier (LDI) to be used in LMAs both for existing switching regimes, the creation of new switching regimes to replace RTS and for any new LMAs introduced by the distributor. This can be undertaken by existing industry processes associated with Market Domain Data (MDD), and a guidance note has been produced to help parties understand their involvement. It is recommended that this guidance note be added to the DCUSA website.
- 1.9 The legal text in Schedule 8 has been amended to cater for the inclusion of the LLFC in preference to that of the MPAN in the LMA notice, the Security Restriction Notice (SRN) and in the Emergency SRN together with the associated switching regimes that can be used in a post code region within a LMA.
- 1.10 In addition, an appendix to Schedule 8 is proposed that contains a template spreadsheet to be used for the LMA notice. This ensures that the report is provided in a consistent manner.

## 2 Governance

### Justification for Part 1 Matter

- 2.1 DCP 326 has been designated as a Part 1 Matter as the proposed change potentially impacts on both 9.4.1, 9.4.2 and 9.4.4 of DCUSA.
- 9.4.1 - it is likely to have a significant impact on the interests of electricity consumers;
  - 9.4.2 - it is likely to have a significant impact on competition in distribution; and
  - 9.4.4 - it is directly related to the safety or security of the Distribution Network.
- 2.2 DCP 326 has been designated as a standard change.

### Requested Next Steps

- 2.3 The Panel considered that the Working Group have carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 326.
- 2.4 The DCUSA Panel recommends that this CP:
- Be issued to Parties for Voting.

### 3 Why Change?

#### Background of DCP 326

- 3.1 In conventional metering the time switch and switched load settings on metering systems are implemented on site by the Meter Operator (as the Supplier's agent) via the equipment fitted to reflect the supply tariff (the settings being based on the SSC/Time Pattern Regime (TPR) provided by the Supplier). Time switching settings on smart metering systems can be applied remotely or locally (via hand-held terminal equipment).
- 3.2 Only suppliers have access to the relevant commands to set the time switching settings on a smart meter. Distributors have no ability to control, or be involved with, the tariff arrangements applied to any meters on their network. This will lead to a removal in part of the diversification of switched load times in their areas that were previously managed through Group Codes that were randomly associated with the RTS infrastructure. For example, there are five published SSC configurations operating in the SHEPD Scottish Mainland LMAs with a different Group Code association to each. This means approximately a 5th of the portfolio, on these arrangements, switch concurrently thus providing a smoothing of the load in that region to protect the network from peak demand.
- 3.3 The current obligation in DCUSA is for the Supplier to replicate the Switching Regime as closely to that already at the premises: Schedule 8, paragraph 8.4(d) states "where the User<sup>4</sup> is replacing a Load Switching Device at a particular Metering Point, in the area identified in such a notice, the User shall use reasonable endeavours to ensure that the Load Switching Regime, and any other material characteristics of the existing Load Switching Device, are replicated on the new Load Switching Device".
- 3.4 This process may be possible to follow due to the visibility of the switching times associated with the semi-static/ static SSCs. However, it will not be possible to have visibility of dynamic switching times due to the variable nature of the switching instructions made by the Group Code sponsor. In addition, as the time switched equipment is removed, the diversification effect enabled by this will be lost.
- 3.5 This solution is only considering the non-half hourly market (Measurement Class A) as there is no concept of structured off-peak time patterns, which are currently represented in the SSCs within half-hourly settlement (Measurement Class F and G).
- 3.6 The implications of paragraph 3.4 above are that the diversity of switched load times provided by the numerous SSCs will be lost resulting in the security of supply being put at risk, leading to the potential of faults, loss of supply and consequentially a significant negative impact on customers in terms of reliability and costs. This would ultimately lead to an escalation of the processes contained within Schedule 8 such as Security Restriction Notices being issued. The risk to supply security are also exacerbated by the loss of visibility of switching regimes once the load switching provision is replaced with a smart meter. It may also result in more LMAs being introduced as dynamically switched

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<sup>4</sup> The User in this instance means the Supplier.

customers move to a static regime or economy 7 customers all move on to the same switching times. The above was highlighted in the development of DCP204 – Smart metering related amendments to Schedule 8<sup>5</sup>.

- 3.7 The solution proposed will enable the responsible distributor to specify the LDI and hence the corresponding switching times for each customer in an LMA in order to protect their network. Moreover, for suppliers to comply with Schedule 8 as it stands the suppliers are required to replicate the current switching times, which they may have little or no visibility of, for example suppliers who are not Group Code sponsors and piggy back on the switching times determined by the Group Code sponsor. There is concern that, through lack of visibility of switching times, Schedule 8 as it is currently written will not be complied with. This change provides an easily derivable format that allows more flexibility whilst minimising ongoing workload for suppliers and maintains the integrity of Schedule 8 and more importantly the security of supply.
- 3.8 A consequence of doing nothing will result in significant costs to the industry as indicated in the EA Technology report (Attachment 3 and 4).

## 4 Solution

### DCP 326 Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 326. This Working Group consisted of DNO and Supplier representatives and an Ofgem observer. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 4.2 The original solution put forward in DCP 326 was to introduce a LDI which is derived from the last digit of the Metering Point Administration Number (MPAN) at the relevant property. Each LDI will correspond to a specific set of switching times defined by the Distributor responsible for the connection to the property.

### DCP 326 Consultation One

- 4.3 To aid the further development of the solution for this CP, the Working Group issued a consultation to parties on 5 December 2018. The aim of the first consultation was to ask the industry for views on the principles of the change and the solution proposed. There were eleven respondents to the first consultation comprising of five distributors, and six suppliers. A copy of the first consultation and the Working Group conclusions can be found as Attachment 5.
- 4.4 The majority of respondents stated that they understood and agreed with the intent of the change. However, one respondent stated that the intent should also be to ensure that consumers receive a materially similar customer experience following the installation of their smart meter, with the new

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<sup>5</sup> [DCP204 Working Group papers](#)

SSC replicating as closely as possible the outcome achieved by the current RTS meter. The Working Group discussed the response and agreed that, although not explicit within the intent, it is in fact the case so that suppliers can meet their Schedule 8 obligations by providing the supplier with switching times that are similar to those that exist now but also retaining the diversification required by the network operator.

- 4.5 The majority of respondents also supported the principles of the change. The respondents that didn't raised concerns over the impact assessment, restriction in customer choice and whether distributors should do more to reduce LMAs. On the first, the analysis was provided as part of DCP 204 and the Working Group consider that this has not significantly changed, however the Working Group understand that this is currently being reviewed. On the second, it is the intention not to limit customer choice but to indicate when such switching times need to occur to provide diversity. On the final point, although this is outside the scope of this change, positive action continues to take place in this area citing that since DCP204 the number of distributors having LMAs has reduced from four to two.
- 4.6 The majority of respondents were comfortable with the format of the report and its inclusion in DCUSA as a schedule. Other respondents considered that the report was not clear, contained details not relevant to this CP and would be difficult to automate within their systems. On the inclusion into DCUSA as a schedule there were concerns that any changes would necessitate a further CP. In addition, further consideration should be given to whether all the distributor reports are merged together. The Working Group concluded that the inclusion of the report as an appendix to the schedule ensures a consistent report format by all distributors and that the negatives of merging the distributor reports outweighed the positives and as such the status quo will remain.
- 4.7 There were mixed views as to whether the report provided sufficient information for suppliers to implement the solution, these included:
- the solution is complex and may need a wider education document;
  - it lacked clarity when considering the example and the legal text;
  - there was no understanding on how the supplier chooses an SSC if multiple ones provided;
  - it is not clear what, if any, relevance the 'restricted' periods noted on the report have for suppliers when using the report; and
  - it may benefit from the inclusion of the LLFC; and
  - consideration may need to be given to the General Data Protection Regulation (GDPR) implications of sharing MPANs.
- 4.8 On the latter, this is already a DCUSA obligation and has not been changed by this CP. Schedule 8 paragraph 5.2 states "A Load Managed Area Notice shall be sent to the User, all other Suppliers and the Authority". In addition, one Working Group member has checked internally within their business and believe that this is not an issue. If parties consider that this is an issue consideration may need to be given to raising the concern with the DCUSA Panel.
- 4.9 Regarding the suggested analysis that the distributor needs to undertake in determining the number of LDIs required, in the main responders were comfortable with the approach although one stated

that it would be helpful if such analysis is catered for in the change report, and another indicating that being too prescriptive may limit the flexibility available to the distributor.

4.10 There were a number of questions relating to an impact on other codes or Significant Code Reviews (SCR)s.

- the majority of responders agreed that it may be helpful to include some guidance in the Smart Meter Installation Code of Practice, although it was noted that this would be subject to their change process and would only cater for instances where a smart meter is being installed.
- there were a number of responders generally agreed that no wide area network area coverage was out of scope while still reiterating the concern that this poses not just to this CP but also to the roll out of smart meters;
- there was mixed views as to whether this change should cater for Half-Hourly (HH) and Non Half-Hourly (NHH) metering arrangements; and
- there was support for the inclusion of a flag in the MPRS system to identify LMAs, although it is unlikely to be catered for during the faster switching programme.

4.11 Regarding the question on alternative solutions three were put forward for further consideration:

- indicate when heating load cannot be switched on;
- separate load control from metering; and
- use the LLFC instead of allocating the LDI to the last digit of the MPAN.

Of the three the second was deemed out of scope of the CP since this was suggested that it can be made available without a need to change DCUSA.

4.12 The implementation date of six months after the Authority approval was in the main supported.

### Working Group Conclusions and next steps

4.13 The Working Group identified a number of areas of further work having discussed the parties' responses to the first consultation:

- develop a guidance document;
- consider the alternative solutions;
- decide whether to include both NHH and HH settlements; and
- provide further clarity on the reporting example.

### **Guidance document**

4.14 There were a number of concerns raised over the format of the report, the content contained within it and the complexity of the process. The Working Group agreed to develop a guidance document associated with the process to aid parties during the implementation stage, once the final solution is known.

### **Alternative Options**

- 4.15 There were three options put forward by parties as indicated in Paragraph 4.11 above. Of the three options, two have been taken forward for further consideration.
- 4.16 On the option relating to the distributor just stating times of the day when heating load should not be allowed e.g. the metering system could be set up to avoid switching load between 00:30 – 02:30 and then that would leave the Supplier with the choice of when to switch the load, the Working Group felt that in part this is already catered for by Schedule 8 paragraph 5.3 (b)<sup>6</sup> but added that this could result in a shift in demand patterns and therefore create the need for another change in those times resulting in further requests to suppliers to change the switching patterns. This could also restrict customer choice due to less available tariffs. There was a further concern that distributors would have to react to load shift rather than being proactive.
- 4.17 On the option regarding the use of LLFC in preference to the LDI, the responder stated that as the LLFC is already a data item it can be changed by distributors, they felt that this would enable the distributor greater control to update suppliers as and when network reinforcement actions were taken in LMAs or where new LMAs are identified by distributors without the need to go through MPAN changes. They also stated that by using the LLFC as the LDI the solution can be extended to cover HH settlement arrangements in the future.
- 4.18 Of the two suggested alternative solutions the Working Group agreed to develop further the LLFC option.

## HH settlements

- 4.19 The comments received from the first consultation were evenly split between a need for a solution to cater for both the NHH and HH settlement arrangement with most suppliers in favour of catering for both, and distributors preferring NHH settlements only.
- 4.20 The Working Group developed a potential solution for the HH market based on the LLFC approach suggested in the first consultation responses.
- 4.21 The current arrangements for elective HH settlements associated with the distributor's aggregated HH tariff was introduced by P300 – 'Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes (DCP179'<sup>7</sup>. This introduced new settlement classes and an obligation on the distributor to provide the Supplier Volume Allocation Agent (SVAA) with a pseudo (dummy) SSC and Red, Amber, Green time bands which related to price signals similar to the HH site specific tariffs. This allows the HH consumption data to be aggregated for the purpose of NHH Supercustomer DUoS billing to the HH aggregated tariff via the existing D0030 data flow.

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<sup>6</sup> the time or times of day during which in the Company's opinion:

- (i) changes to Load Switching Regimes in force at particular Metering Points introduced by Suppliers have increased the coincidence of Demand to such an extent that Security of Supply may be threatened; and
- (ii) new applications of Load Switching Regimes to particular Metering Points introduced by Suppliers may reasonably be expected to increase the coincidence of Demand to such an extent that Security of Supply may be threatened;

<sup>7</sup> P300 Final requirements

- 4.22 The solution suggested by the Working Group builds on this by creating pseudo (dummy) SSC and Red, Amber, Green time bands for each LMA. The need for one SSC per LMA is to cater for the differing load impact and the time that it occurs on the network associated with each LMA. This allows the distributor to set up the appropriate cost signals via the charges to be applied to the red, amber, green time periods as is the current practice in the HH market. The SVAA would be provided with the pseudo (dummy) SSCs by the distributor for incorporation within their system to automate the aggregation process.
- 4.23 The Working Group consider that this solution may also need to introduce changes to Schedule 16<sup>8</sup> with the creation of new aggregated HH tariffs for LMAs. In addition the red, amber and green time bands for LMAs may need to be amended more frequently than the current process of a year and so would the 15 months-notice period (schedule16, paragraph 41 and 41A) so that if there is a greater risk with the security of supply within the LMA these can be amended in a more realistic timeframe.
- 4.24 Consideration may also need to be given as to whether there is a need to introduce time of year tariffs since the impact may only be in the winter months (usually defined as from the 1 November through to the end of February but may differ by distribution region). There is a concern that the higher costs may be smeared across the customer base and passed through to the customers rather than shifting the switching times.
- 4.25 In addition, Working Group members are aware of an Ofgem led SCR (Electricity Network Access and Forward-Looking Charging Review) and whether the introduction of new tariffs could result in an overlap with it. If this was a new change the likelihood is that the DCUSA Panel may reject it due to the ongoing SCR.
- 4.26 If this CP continued with its inclusion there is likely to be an impact on the implementation date since the introduction of tariffs have a lead time of 15 months which would mean that the delivery of the change would be in April 2021 at the earliest due to the introduction of new tariffs, however it is expected that this may be stifled by the SCR project due to the need for additional Working Group expertise to ensure that full consideration is given to the new tariffs and their potential impact which are likely to be the same industry resource.
- 4.27 Even if this was not an issue, the time to develop the solution, the modelling changes and the need for a further consultation would mean that the April 2021 implementation is not achievable since to meet that deadline this CP would need to be presented to the July 2019 Panel. This would mean an implementation date of April 2022 which is beyond the current arrangements for the continuation of the RTS arrangements and the roll out of smart meters.
- 4.28 Based on the impact that the inclusion of the HH solution would have on this CP, the Working Group agreed that the HH solution will not be considered further. A party can however raise this as a separate CP if they wish so they can progress this separately.

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<sup>8</sup> Common Distribution Charging Methodology

## Provide further clarity on the reporting example

4.29 The Working Group discussed this and believed there were a number of misunderstandings from the responders in that they were querying aspects of the report that are already part of DCUSA and not subject to this change. This was explained in the response document to the consultation. This is explained further in Option A below.

## Development of the two solutions

4.30 The Working Group considered there to be two potential options to address the issues raised in this CP as follows:

- Option A - To introduce a LDI which is derived from the last digit of the MPAN at the relevant property. Each LDI will correspond to a specific set of switching times defined by the distributor responsible for the connection to the property; and
- Option B – To introduce the use of LLFC.

## DCP 326 Second Consultation

4.31 The Working Group issued its second consultation to industry on 02 April 2019. A copy of the second consultation and the Working Group conclusion can be found as Attachment 7. The aim of the second consultation was to ask the industry for views on Option A and the newly developed Option B.

## Option A - the use of a LDI

4.32 In the first consultation there were concerns that the solution was complex and needed further clarification. This option seeks to make amendments to Schedule 8 to provide a way to duplicate as closely as possible the current switching arrangements when replacing NHH switched load with smart metering and when the current RTS contract ends in March 2020. The proposal is to introduce a LDI which is associated with the last digit of the MPAN at the relevant property. This means that there could be up to ten LDIs (one associated with each last digit 0-9). There is no intention to amend the MPAN but to indicate which LDI it will be associated with. If the distributor only needs five LDIs to diversify the load on the LMA network, then the last digit of two MPANs will be used as shown below e.g. last digit 1 and 6 being associated with LDI one. This approach means that all MPANs ending in 1 and 6 in that LMA will be associated with LD1.

GSP Area (A_B_C_ etc...)	Notice Effective From Date	Notice End Date (leave empty if ongoing)	Restriction Start Time (leave empty if 24hrs per day)	Restriction End Time (leave empty if 24hrs per day)	Restriction Start Month (leave empty if full year)	Restriction End Month (leave empty if full year)	Postcode Outcode	MPAN	LDI	Existing SSC	Available SSCs
L	01-Jan-15		00:00:00	05:00	01-Nov	31-Mar	EX16	22nnnnnnnnn1	1		
							EX16	22nnnnnnnnn2	2		
							EX16	22nnnnnnnnn3	3		
							EX16	22nnnnnnnnn4	4		
								22nnnnnnnnn7	4		
							EX16	22nnnnnnnnn5	5		
							EX16	22nnnnnnnnn6	1		
							EX16	22nnnnnnnnn7	2		
							EX16	22nnnnnnnnn8	3		
							EX16	22nnnnnnnnn9	4		
							EX16	22nnnnnnnnn0	5		
Notes:											
create a single row per MPAN											
Related MPANs are to be assigned the same LDI as the Primary MPAN											

- 4.33 After the distributor has determined how best to ensure that diversification is catered for the intention is for the distributor to indicate what SSC is required by providing not only the current SSC for that MPAN but also others that are available to the supplier when replacing RTS arrangements associated with the supplier tariff of choice for the customer. The supplier can therefore choose which SSC they need to meet their customer's needs.
- 4.34 The selection of SSCs available to each MPAN in an LDI are linked to existing supplier tariffs such as E10 but are switched at different times for different LDIs. So, both have the same customer tariff, but one switches at say 00:00 for LDI1 and another at 01:00 for LDI2. If there are more than two LDIs the remaining LDIs will also be switched at different times.
- 4.35 Another concern was over some of the columns not deemed necessary for this change, namely restriction start and end times. The intention of this solution was to add the LDI and associated SSCs to an existing LMA report already catered for by Schedule 8. The existing report catering for all the columns up to the LDI one. The columns thereafter (inclusive of LDI) forming part of this change.

### Option B - the use of a LLFC

- 4.36 This solution is similar to option A but rather than create an LDI a LLFC is created.
- 4.37 The first stage is to create new LLFCs and associate them to the same existing Meter Timeswitch Code (MTC)/ SSC/Profile Class (PC) combinations within MDD and which also meet the requirements of BSCP128 along with the associated Loss Adjustment Factors. This would create two valid LLFCs which are associated with the same MTC/SSC/PC combination. The existing LLFC catering for the majority of the network and in place now and the second specific for LMAs. The distributor would need to go through the MDD process to introduce them and link them to the MTC/SSC/PC combinations. Once raised the distributor would need to introduce an internal validation process to ensure that the appropriate LLFC is associated with the MTC/SSC/PC combination i.e. by having some form of flag to recognised that the MPAN is in a LMA and amendments may be required to IT systems to automate the process.
- 4.38 Once the new LLFCs and associated combinations are in MDD, the distributor needs to change the LLFC for each MPAN in a LMA and update the Metering Point Registration System (MPRS). MPRS then notifies the supplier of a change to the LLFC. This will also make MPANs in LMAs more visible to the supplier and also avoid the need for a LMA flag in the system and other systems such as the Electricity Central Online Enquiry Service and, in the future, the Central Switching Service which the amended LLFC updates. The supplier does not need to change anything at this stage.
- 4.39 A second stage is required to cater for the removal of dynamic and semi dynamic Radio Teleswitches within a LMA. This is because they have flexible time pattern regimes. Once this type of meter is removed the SSC needs to be changed to one which has a set time period. This creates the same problem that the change proposal identified i.e. the SSC chosen by the supplier could result in network reinforcement. Diversity is required by replacing the proposed LDI process. The only difference is that you have a number of LLFCs (in place of the LDIs) that are associated with multiple SSCs for the same supplier DUoS tariff. This would necessitate further work within MDD to create the valid combinations. In addition, the distributor needs to ensure that they apply the appropriate LLFC to an MPAN within the LMA which then updates MPRS and the registered supplier. This is the

trigger for the supplier to amend the switching times for that MPAN to that of the SSC associated with the LLFC.

4.40 This approach means that the distributor retains control of the required switching times but still caters for customer tariff choice. The supplier is informed via existing processes as to what the correct combination is for the MPAN and can ensure that this is then updated to the smart meter rather than having to refer to a spreadsheet to see if the customer is in a LMA and if so what SSC to use.

4.41 There is an argument that this solution is using existing industry processes and as such there is no need for this change proposal to mandate it. It can be done today. The counter argument is that by adding the LLFC and associated SSC combinations with the current notification of LMAs this makes it more visible to suppliers. In addition, parties are asked whether this report should be added to the existing LMA report and kept separate.

### Differences between Option A and Option B

4.42 Both options follow the same process in determining the diversity required in a LMA, the requirement to create potentially new MDD combinations, party system impacts and the need to provide additional information within the LMA report. The key difference is that Option B uses existing electronic processes to notify suppliers that, together with the use of the MDD validation rules built into the MPRS and party systems, make the second option more robust. It also provides better visibility of LMAs and avoids any system changes associated with a flag in MPRS as intimated in the first consultation.

4.43 There were nine respondents to the second consultation which comprised of four DNOs and five Supplier.

**Q1: Do you want the LDI data to form part of the existing LMA report or a separate one? Please provide your rationale.**

**Q2: Do you want the LLFC data to form part of the existing LMA report or a separate one? Please provide your rationale.**

4.44 All respondents indicated that they would like the LDI or LLFC data to form part of the existing LMA report.

**Q3: Which option do you support? Please provide your rationale.**

4.45 All respondents bar one supported Option B. The main rationale behind the support of Option B is that it delivers the same outcome as Option A but does not need any additional industry processes to be introduced.

**Q4: What impact does each option have on your business?**

4.46 One respondent raised concerns that this change brings uncertainty to the customer and the risk that supplier contractual rates may not align to customer switching times and that this could create increased costs for the customer. They also asked what consideration has been given to future network investment which may be needed regardless of this proposal due to the forecast increase in uptake of EV's.

- 4.47 Another concern raised was regarding the customer right to refuse a smart meter installation and whether the DCUSA limitation of liability would extend to network damage in the scenario where a supplier/user is in breach of schedule 8 requirements?
- 4.48 One respondent stated that in respect of LMAs they expect little impact on their business, as at present they do not have any existing LMAs. However, they are interested in the change proposal given the possibility that uptake of Low Carbon Technologies including Electric Vehicles has the potential to create new load managed areas, albeit these are more likely to be half hourly settled given the timing. Two other respondents also stated that there will be minimal impact on their business as they do not have any LMAs, however also noted that this could change in the future.
- 4.49 Another respondent noted that DCP 326 is designed to use the existing functionality in MDD and MPRS and this means that the impact is minimal. They already use the LLFC/MPAN combination in other contexts to flag up special groups of MPANs and increasing the scope of this to include flagging up MPANs in Load Managed Areas is not significantly more work.

#### **Q5: Do you have any comments on the proposed legal text for each option**

- 4.50 Two respondents stated that they would support a guidance document which should cover the requirements of both DNO and Supplier parties. The majority of respondents were happy that the legal text was appropriate. One respondent stated that option B has no requirement for the DNO to send the data of individual customers to suppliers i.e. the MPAN, which may be classed as personal data.

#### **Q6: Do you believe that the DCUSA General Objectives are better facilitated by this CP. Please provide your rationale for each option?**

- 4.51 The majority of the respondents agreed that the DCUSA General Objectives are better facilitated by this CP.
- 4.52 One respondent did not believe that the DCUSA General Objectives were better facilitated by this CP. Regarding objective one they stated that this has a negative effect as it avoids short network investment and they believe adds costs for Suppliers. They believe it has a negative effect on objective two because it reduces customers tariff choices. Regarding objective three they stated a neutral view, because they believe that whilst this change reduces costs, it increases complexity. They believe it negatively effects objective four because it is complex for Suppliers to implement alongside smart meter installation and increasingly flexible systems such as market wide half hourly settlement.

#### **Q7: Do you agree with the proposed implementation timescales for option 1 and option 2? Please provide your rationale.**

- 4.53 The majority of the respondents agreed that the proposed implementation dates were appropriate. One respondent stated that option B could be constrained by the timing of the MDD change processes.

### **Working Group Conclusions and Next Steps**

- 4.54 Following a review of the consultation responses the Working Group agreed to progress with Option B as detailed in paragraphs 4.36-4.41 above.

- 4.55 Regarding increased cost and workload on Suppliers, this change seeks to improve the communication regarding the load restrictions Suppliers need to consider and compliments existing obligations. Therefore, the Working Group does not believe that this CP adds any additional costs or workload on Suppliers.
- 4.56 The Working Group reviewed the legal text and replaced the reference to MPAN with LLFC to avoid any potential issues with GDPR. This also resolves the concern raised under paragraph 4.7.
- 4.57 As per the responses to the second consultation, LLFC data will form part of the existing LMA report and this has been included as an attachment to Schedule 8. Further information on the legal text can be found in section 8 below.
- 4.58 As per the responses to the first and second consultation the Working Group have produced a guidance note that details the requirements of Distributors and Suppliers and this can be found in Attachment 6.
- 4.59 In summary the guidance note is split into two parts, the first creates new LLFCs to be used to replace the existing ones for those MPANs in LMAs. For Distributor who have LMAs this will need to be undertaken during the implementation phase. The second part is to cater for the introduction on new SSCs where they are not available in MDD because of the removal of dynamic RTS and where future LMAs are being considered.
- 4.60 It is the recommendation of the Working Group that this guidance note is placed on the DCUSA website.
- 4.61 The Working Group notes the comments regarding the proposed implementation date. and consideration is given within section 7 below.
- 4.62 The Working Group have considered the DCUSA General Objectives and further details can be found in section 5 below.

## 5 Relevant Objectives

### Assessment Against the DCUSA Objectives

- 5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better meets the DCUSA Objectives. There are five General DCUSA Objectives and six Charging Objectives. This change proposal impacts the general objectives.
- 5.2 The Working Group unanimously considers that when reviewing the DCUSA General Objectives as a whole, they would be better facilitated by the implementation of DCP 326. Rationale for their decisions can be found below.

	Impact of the Change Proposal on the Relevant Objectives:	Identified impact
<input checked="" type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	Positive

<input checked="" type="checkbox"/>	2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	None
<input checked="" type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	Positive
<input checked="" type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	Positive
<input checked="" type="checkbox"/>	5. Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

#### General Objective One

5.3 This objective will be better facilitated as it will protect the network and avoid substantial reinforcement works. It will also facilitate a more effective process to co-ordinate with suppliers.

#### General Objective Two

5.4 This objective is not impacted by this change.

#### General Objective Three

5.5 This objective will be better facilitated because Distributors must operate a safe and reliable network, this proposal significantly limits the likelihood of overloading which impacts both of these.

#### General Objective Four

5.6 This objective will be better facilitated because it simplifies the process of retaining the necessary diversification during the smart meter roll out and beyond and provides clarity on what switching regimes are available, together with a standard formatted report.

#### General Objective Five

5.7 This objective is not impacted by this change.

## 6 Impacts & Other Considerations

### Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

- 6.1 The Working Group view, having rejected the progression of a solution in the elective HH settlement market, is that this CP can be progressed in isolation of any SCR. The proposed solutions seek to improve an existing industry requirement as detailed in Schedule 8.

## 7 Implementation

- 7.1 The proposed implementation date for DCP 326 is 6 months after Authority approval. The original proposed implementation date for Option B was four months, however after consideration by the Working Group it was concluded that the implementation timescale should be extended to 6 months. This is to cater for the MDD Change process timescales which takes 6 weeks.

## 8 Legal Text

- 8.1 DCP 326 places an obligation on the distributors to include in the LMA notice, the Security Restriction Notice (SRN) and in the Emergency SRN sent to suppliers, the following additional information:
- LLFC and associated Load Switching Regimes for each postcode (or such other method as the Company and the Supplier agree, acting reasonably);
  - The current SSC; and
  - Available SSCs.
- 8.2 The Load Managed Area Notice that is referred to in Paragraph 5.3 shall be provided in Excel spreadsheet format using the template in Appendix A to Schedule 8.
- 8.3 The DCP 326 legal text acts as Attachment 1 to this Change Report.

## 9 Code Specific Matters

### Modelling Specification Documents

- 9.1 Not applicable.

### Reference Documents

- 9.2 Not applicable.

## 10 Recommendations

### Panel's Recommendation

- 10.1 The Panel approved this Change Report on 19 June 2019. The Panel considered that the Working Group had carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 326.
- 10.2 The Panel have recommended that this report is issued for Voting and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.

### Attachments

- Attachment 1 - DCP 326 Legal Text
- Attachment 2 - DCP 326 Voting Form
- Attachment 3 - EA Technology report
- Attachment 4 - EA Technology technical paper
- Attachment 5 - DCP 326 Consultation One and Collated Responses
- Attachment 6 - DCP 326 Guidance Document
- Attachment 7 - DCP 326 Consultation Two and Collated Responses
- Attachment 8 – DCP 326 Change Proposal