

DCP 341/342 COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential / Anonymous	Question 1: Do you understand the intent of the CPs?	Working Group Comments
E.ON	Non-confidential	Yes	Noted
Haven Power	Non-confidential	Yes	Noted
British Gas	Non-confidential	Yes	Noted
npower	Non-confidential	Yes. We understand the intent of the change proposals which is to remove residual import charges to standalone storage only.	Noted
Smartest Energy	Non-confidential	Yes	Noted
UK Power Reserve Ltd	Non-confidential	<p>Yes, UK Power Reserve (UKPR) understands the intent of both CPs and agree with the aim of addressing the negative cost implications of double charging for storage facilities.</p> <p>Avoiding residual charges for demand where the intent is to export the energy taken back onto the system will allow eligible storage facilities to compete on a level playing field with other forms of embedded generation.</p>	Noted
The Greenspan Agency Limited	Non-confidential	Yes.	Noted
Electricity North West Limited	Non-confidential	Yes.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes. We understand, but do not agree with, the intent of the CP.	The Working Group noted although this respondent understood the intent of the CPs, they stated that they did not agree with the intent.
SP Distribution/SP Manweb	Non-confidential	Yes we understand the CP.	Noted
UK Power Networks	Non-confidential	Yes.	Noted

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WPD	Non-confidential	Yes	Noted
ELEXON Ltd	Non-confidential	Yes, DCP341 and DCP342 are intended to exclude certain storage facilities from being charged the residual element of DUOS charges. These modifications were raised to address a challenge set by Ofgem and BEIS, who identified concerns that storage operate at a disadvantage compared to other traditional generators.	Noted
Working Group Conclusions: The Working Group noted that all thirteen respondents understood the intent of DCP 341/342, however one respondent also stated that they do not agree with the intent of the CPs.			

Company	Confidential / Anonymous	Question 2: Are you supportive of the principles that support these CPs, which is to level the playing field between storage and generation?	Working Group Comments
E.ON	Non-confidential	We agree with the principle that support these CPs, however we do not feel that the proposed solutions achieve the principles set out by limiting the solution to 'standalone' storage facilities.	The Working Group noted that although this respondent agrees with the principles that support these CPs, they do not feel that the proposed solutions achieve the principles set out by limiting the solution to 'standalone' storage facilities.
Haven Power	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation.
British Gas	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation.
npower	Non-confidential	We are supportive of the principles of these CPs to level the playing field between generation and storage.	Noted that this respondent is supportive of the principles that support these CPs,

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			which is to level the playing field between storage and generation.
Smartest Energy	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation.
UK Power Reserve Ltd	Non-confidential	Yes, we are supportive of these CPs: as storage sites are going to be treated in the same manner as generation sites under the Grid and Distribution Codes, the Use of System (UoS) charging framework shall become more consistent and transparent.	Noted that this respondent is supportive of the principles that support these CPs, explaining that the treatment of storage will be more consistent across manner as generation sites under the Grid and Distribution Codes as well as increasing the consistency and transparency of the Use of System (UoS) charging framework.
The Greenspan Agency Limited	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation.
Electricity North West Limited	Non-confidential	Yes. This change has been proposed in response to the views expressed by Ofgem in their 'Open letter on implications of charging reform on electricity storage'. This letter states that "industry-led modifications are critical to reaching a level playing field between storage (excluding any final demand) and generation", and "storage, without co-located final demand, should be treated in the same way as generation". The proposed changes are seeking to address the distortion that Ofgem has identified. Applying the change to standalone storage sites only is consistent with the view Ofgem have expressed.	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation. In their response, it was highlighted that the principles that support these CPs, easily identified via the views expressed by Ofgem in their 'Open letter on implications of charging reform on electricity storage'.
Northern Powergrid on behalf of Northern	Non-confidential	We are supportive of a level playing field between storage and other forms of embedded generation. Such a level playing field exists under the current	The Working Group noted that, although they have some sympathy with the

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Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc		<p>arrangements as both storage and other embedded generation pay residual in respect of their associated imports. If implemented, this change would introduce distortions into the market.</p> <p>We note the intent under Ofgem's Targeted Charging Review (TCR) to apply residual charges to 'final demand' only. DCP 341/342 will realise that intent sooner for storage sites than for other embedded generation (a so-called 'quick win'). This may be justified because of the relatively high residual charges that storage sites face due to their higher import requirements compared to other embedded generation. If this is the argument in support of the change, then Ofgem should be explicit in its intent to temporarily distort the level playing field in favour of storage sites, on the basis that such a distortion is justified by early implementation of the part of the intent of the TCR for storage.</p> <p>Ofgem has not properly defined 'final demand', nor provided the rationale for exempting it from residual charging.</p>	<p>respondent's views, the proposed solution is based on the information currently available. Specifically, that Ofgem gave a clear view that changes such as these should be progressed by industry outside of the ongoing work associated with the TCR. The Working Group note that they are not in a position to question whether further justification should be provided by Ofgem with respect to the respondent's view that these CPs will introduce a temporary distortion that does not currently exist, but that such a distortion may be offset by the early implementation of the part of the intent of the TCR for storage.</p> <p>The respondent's views were also noted with respect to the lack of properly defined term for 'final demand', nor any specific detail provided for the rationale for exempting it from residual charging.</p>
SP Distribution/SP Manweb	Non-confidential	Yes we are supportive of the principles.	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation?
UK Power Networks	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation?

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WPD	Non-confidential	Yes	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation?
ELEXON Ltd	Non-confidential	Yes, as a form of generation, we believe that storage and other generators should be treated similarly, so as to enable effective competition and participation in the industry arrangements.	Noted that this respondent is supportive of the principles that support these CPs, which is to level the playing field between storage and generation?
Working Group Conclusions: The Working Group noted that twelve of the thirteen respondents were supportive of the principles that support these CPs, which is to level the playing field between storage and generation. The Working Group noted that the respondent who was not supportive of the principles that support these CPs, argued that the If implemented, these changes would introduce distortions into the market that don't currently exist. Further to this, they also noted that with respect to the term 'final demand' there appears to be lack of proper definition, nor has any specific detail been provided for the rationale for exempting it from residual charging.			

Company	Confidential / Anonymous	Question 3: Do you agree that these changes should only apply to 'standalone' storage facilities?	Working Group Comments
E.ON	Non-confidential	<p>We do not feel that standalone storage site should be the only type of storage site to benefit from this solution because:</p> <ol style="list-style-type: none"> 1. Most of the Electricity storage sites are built on a co-located basis, either with another type of generation (I.E CHP) or with imports for general consumption purposes. The primary benefit this offers to consumers is to use storage technology to smooth out by imports at times of lower demand & either self-consume stored energy or to output energy onto networks during peak times of use. In both scenarios' networks benefit. 2. We feel that by limiting these changes to standalone storage only the DUoS charging arrangements will promote standalone storage only over a mix of technologies connected to a single distribution connection point. 3. Under its current change proposal, we perceive that this will create an additional requirement for single use distribution connection points to 	<p>Noted that the respondent is not supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities and a number of valid reasonings for their view.</p> <p>The Working Group note that paragraph 4.9 in the consultation document concludes with a statement that confirms that the inclusion of sites with a mix of demand and/or other generation co-located with a storage facility is out of scope of these CPs and that the Working</p>

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		<p>standalone only storage sites, even if a site already has a connection for other purposes. This will add additional costs to consumers to who will part fund the cost the additional connections which could be avoided. In many cases an existing distribution connection point may adequately take the additional loads required to operate the storage facility on a co-located basis without the need for additional infrastructure investment.</p> <p>4. Whilst we recognize the history of moving through the proposed changes in 2018 and a desire to remove interactions with Ofgem's Significant code Reviews (SCRs) we feel that limiting the change to standalone storage only may stifle further innovation in the market, for example Vehicle 2 Grid (V2G).</p>	<p>Group expect that this area will be covered under the terms of the TCR SCR.</p>
Haven Power	Non-confidential	<p>Yes</p> <p>We note the workgroups comments around the interpretation of what is classified as a storage site being that a storage site could well be located with final demand and still be exempt from the residual element of their charges.</p> <p>However, we also agree with the workgroups conclusion that separating out intermediate demand (i.e. for storage purposes) and final demand (i.e. not for storage purposes) is not practical and out of scope of this change.</p> <p>We also expect this issue to be covered under the terms of the TCR SCR and acknowledge that these CPs are just dealing with standalone storage sites connected directly to the distribution network.</p>	<p>Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities and provided some supporting rationale behind their view.</p>
British Gas	Non-confidential	<p>We are more inclined to agree with the alternative interpretation of Ofgem's letter of 23rd January (i.e. residual charge exemptions should also apply to any 'intermediate' demand at co-located storage sites) and it would be useful if Ofgem could provide clarity in this regard.</p> <p>Nonetheless, we accept that the scope of this Change Proposal has been limited to standalone storage facilities.</p>	<p>Noted that the respondent suggests that they are supportive of the alternative interpretation of Ofgem's letter of 23rd January (i.e. residual charge exemptions should also apply to any 'intermediate' demand at co-located storage sites) and stated that it would be useful if Ofgem could provide clarity in this regard.</p>

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			However, it was also noted that the respondent accepts that the scope of the CPs has been limited to standalone storage facilities.
npower	Non-confidential	<p>We agree that these changes should only be applied to standalone storage. It would be difficult to disaggregate storage import volumes for sites where there is also end use demand on the same metering system which could create inconsistencies.</p> <p>Also timeline of the change implementation of OFGEM's TCR quick wins would be delayed if the working group was to consider all combined use cases and methods for removing the residual element for the storage component only.</p> <p>We believe that there should be a more explicit explanation of what storage site demand means, and whether this includes 'parasitic' loads of the storage facility. i.e. lights, security systems etc.</p>	<p>Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities and provided some supporting rationale behind their view.</p> <p>The Working Group believe that their current text provides for this, however agreed leave a comment against the relevant wording in the legal text, for the DCUSA legal advisors to review.</p>
Smartest Energy	Non-confidential	Yes, although in the future we would hope that storage which is not standalone but which re-exports will be exempt in the future but we see the current impracticalities of doing this now.	<p>Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities. It was also noted that the respondent indicated that they'd like to see this changed to include mixed/co-located sites in the future.</p>
UK Power Reserve Ltd	Non-confidential	Yes, the new set of charges and the new methodology should apply only to standalone storage facilities. The issue with mixed sites is that their demand component cannot be singled out at the point of metering, complicating the identification of what should be charged at the standard tariffs.	Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities

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		This would make the solution in line with Ofgem position, whereby “[...] storage, without co-located final demand, should be treated in the same way as generation”	and provided some supporting rationale behind their view.
The Greenspan Agency Limited	Non-confidential	Yes.	Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to ‘standalone’ storage facilities.
Electricity North West Limited	Non-confidential	<p>Yes. It is our view that it is clear from Ofgem’s views set out in their open letter that only standalone storage facilities should be included within the scope of this change.</p> <p>As the proposer of this change it was our intention that the scope of the change should be limited to standalone storage facilities. We would expect that any changes to address mixed sites could be progressed via the TCR and other future DCUSA change proposals if this was thought to be required.</p>	Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to ‘standalone’ storage facilities and provided some supporting rationale behind their view.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>As noted in response to question two, we do not support these changes being introduced as a ‘quick win’ at this stage.</p> <p>Hypothetically if we were to accept that the ‘quick win’ approach were appropriate, then we would be broadly supportive of the pragmatic solution suggested by the Working Group, of applying these changes to standalone, current transformer (CT) metered storage only. This will ensure the changes can be delivered on relatively short timescales, and so achieve the objective of early implementation ahead of a more comprehensive solution under the TCR.</p> <p>However, it is important to note the distortions that this will create. Most notable of these is that a site which co-locates storage with only other forms of generation (i.e. no other demand) will not be exempt from residual charges, despite all demand to that site being for the purpose of storage.</p>	Noted that the respondent is not supportive of the proposal that these CPs will only apply residual exempt import/demand charges to ‘standalone’ storage facilities as they disagree with the premise of these CPs being introduced as a ‘quick win’ at this stage. However, agreed that if they were accepting of such an approach then they would be broadly supportive of the pragmatic solution suggested by the Working Group, that these CPs would only apply residual exempt import/demand charges to ‘standalone’ storage facilities that have current transformer (CT) metering.

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SP Distribution/SP Manweb	Non-confidential	<p>No we do not agree that these changes should only apply to ‘standalone’ storage facilities, for reasons outlined in 4.6 and 4.9 of the consultation document.</p>	<p>Noted that the respondent is not supportive of the proposal that these CPs will only apply residual exempt import/demand charges to ‘standalone’ storage facilities and that their rationale for this view relates to the information contained in paragraphs in 4.6 and 4.9 of the consultation document.</p> <p>The Working Group note that paragraph 4.9 in the consultation document concludes with a statement that confirms that the inclusion of sites with a mix of demand and/or other generation co-located with a storage facility is out of scope of these CPs and that the Working Group expect that this area will be covered under the terms of the TCR SCR.</p>
UK Power Networks	Non-confidential	<p>We have a concern that the changes proposed only apply to ‘standalone’ storage facilities. We do not believe that it is possible to change the arrangements for a specific group of customers whilst not for others, as that in itself does not ‘level the playing field between storage and generation’ as stated in Q2 above.</p> <p>The term ‘Standalone’ relating to storage facilities needs to be clearly defined in the legal text, which it isn’t at the current time.</p>	<p>The Working Group note the concerns raised by this respondent with respect to the proposal that residual exempt import changes should only apply to ‘standalone’ storage facilities. The Working Group highlights that it is out of scope of these CPs and expect that this should be covered under the terms of the TCR SCR and that these CPs are just dealing with standalone storage sites connected directly to the distribution network.</p> <p>The Working Group believe that their current text provides for this, however</p>

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			agreed leave a comment against the relevant wording in the legal text, for the DCUSA legal advisors to review.
WPD	Non-confidential	Yes, although further work should be done in the future to understand if this DCP should be applied to mixed storage/ generation sites in the future.	Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities. It was also noted that the respondent indicated that they'd like to see this changed to include mixed/co-located sites in the future.
ELEXON Ltd	Non-confidential	<p>We understand the rationale for limiting DCP341 and DCP342 to 'standalone' storage facilities. However, we believe that limiting the solution to 'standalone' facilities should be an interim solution pending the outcome of other related work – i.e. CUSC Modification proposals CMP280 and CMP281, Ofgem's proposed changes to the generation licence, the progress of BSC Modification Proposal P375 and Ofgem's Targeted Charging Review (TCR) SCR.</p> <p>The approach proposed by DCP341 and DCP342 is similar to that proposed by CUSC Modification Proposals CMP280 and CMP281 and the approach agreed by the BSC Panel when establishing an interim solution that enables the exclusion of certain generators' Imports from the calculation of CM and CFD Supplier charges (a type of Final Consumption Levy). That is, DCP341 and DCP342 only apply to storage facilities that can demonstrate that their Imports and Exports are for electricity storage purposes only.</p> <p>When designing a solution to support the calculation of CM and CFD charges we recognised in our proposal to BSC Parties and the BSC Panel that further work is needed to define how complex sites should be treated, i.e. where storage activities are co-located with other generator or final-demand activities and all activities share the same boundary Settlement metering. This is because boundary Settlement metering will not always differentiate between the</p>	<p>Noted that the respondent is supportive of the proposal that these CPs will only apply residual exempt import/demand charges to 'standalone' storage facilities and provided detailed supporting rationale behind their view.</p> <p>The Working Group's proposed solution is based on the information currently available and agrees that a CP could be raised if necessary, once the outcomes from the many areas under review by Ofgem or via modifications to other industry codes currently underway. More specifically, Ofgem gave a clear view that changes such as these should be progressed by industry outside of the ongoing work associated with the TCR which is expected to capture generation and possibly mix-co-located sites.</p>

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		<p>different storage, generator and final demand activities at a site. Consequently, our CM and CFD charges interim solution and subsequently the DCUSA and CUSC proposed modifications only apply to storage facilities with dedicated HH Settlement metering systems – it is the use of dedicated Settlement metering which makes a facility ‘standalone’.</p> <p>In November 2018, when we presented our CM and CFD interim solution to the BSC Panel, we recommended that an enduring solution for complex, co-located sites would be progressed following:</p> <ul style="list-style-type: none"> i. the outcome of Ofgem’s consultation on changes to the standard conditions of the generation licence to clarify the role and treatment of storage (including where storage is co-located); and ii. progress on BSC Modification P375, which is exploring how alternative metering arrangements may support the measurement of different ‘behind the meter’ activities. <p>In addition to these initiatives, we agree with the working group that Ofgem’s TCR SCR Minded-to decision recognises the need to consider further the definition of intermediate and final demand.</p> <p>We continue to believe that progress on these related initiatives is necessary before the DCUSA, CUSC, BSC and CM and CFD solutions can be extended to complex, co-located sites.</p>	
<p>Working Group Conclusions: The Working Group noted that nine of the thirteen respondents were supportive of the proposal that these CPs will only apply residual exempt import/demand charges to ‘standalone’ storage facilities and a number provided supporting rationale behind their view. Of the four that didn’t agree, a number of reasons were given, however the Working Group highlights that it is out of scope of these CPs, as they are just dealing with ‘standalone’ storage facilities connected directly to the distribution network. The Working Group’s proposed solution is based on the information currently available and agrees that a CP could be raised if necessary, once the outcomes are known from the many areas under review by Ofgem or via modifications to other industry codes currently underway. More specifically, Ofgem gave a clear view that changes such as these should be progressed by industry outside of the ongoing work associated with the TCR which is expected to capture generation and possibly mix-co-located sites.</p>			

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Company	Confidential / Anonymous	Question 4: Do you agree with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility?	Working Group Comments
E.ON	Non-confidential	<p>We disagree with the working groups proposed approach for confirming eligibility of a storage facility because;</p> <ol style="list-style-type: none"> 1. We feel that the placing requirements on suppliers to both confirm and to forward manage the eligibility of standalone storage sites is inappropriate, this effectively places burdens on suppliers to understand and manage what a customer's site is consuming/generating for behind the boundary meter which is generally beyond the responsibilities of suppliers who own the responsibilities for metering systems only. 2. The proposed approach to provide eligibility guidance to suppliers via the LC 14 charging statements has the potential to create ambiguity in the eligibility criteria by geographical Distribution region & IDNO. Whilst we recognize that Ofgem's approval of LC 14's is a distribution licence requirement there is room within charging statements to create variances against the eligibility requirements, which could create a need for suppliers to understand these variances and enact each LC 14 requirement. 3. The proposed application process for gaining the new DUoS tariffs may increase the potential that delayed connections/energisation of storage sites may occur. In turn this could cause unnecessary problems on the end customer storage site when seeking supply contracts with energy suppliers. As a rule, the supplier-generator contracting process means a supplier will factor in DUoS costs based on the Line Loss factor Class (LLFC) that is visible in MPRS to make a pricing offer to the customer which is prior to registration. <p>Therefore, we believe that resulting in 1 of 2 scenarios will occur:</p> <ol style="list-style-type: none"> i) the end consumer initially chooses to register with a supplier on a DUoS tariff with residual charging components factored in to energise to 	<p>Noted that this respondent does not agree with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.</p> <p>The Working Group noted the concerns raised by this respondent that the proposed approach for obtaining confirmation of the eligibility of a storage facility should be carried out by DNOs rather than Suppliers and provided detailed arguments for their view.</p> <p>The Working Group also noted the suggestion that the parameters for obtaining confirmation of the eligibility of a storage facility should be incorporated in the legal text and not set out of LC14 'Use of System Charging Statement'.</p> <p>The Working Group highlights that Ofgem issued two documents on 26 June 2019 on 'Clarifying the regulatory framework for electricity storage: Statutory consultation on proposed modifications to the electricity generation licence'. In the covering letter, Ofgem have explained that it is proposed that Condition E1 will include an obligation on storage providers to make available to</p>

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		<p>connection point, based on SMRS at the time. This is with a view that once the supplier-led eligibility application is approved by DNO's they move to a DUoS tariff without residual charging components. This could result in an additional requirement for suppliers to reopen contracts at a later point for the end user to gain the benefit for the revised DUoS tariff or the supplier may factor in some pricing risk if eligibility is not met, in either case this could result in a less efficient consumer outcome. It is also unclear if DNO's will backdate the DUoS tariff change to energisation/go live if eligibility criteria is met after energisation of the meter point.</p> <p>ii) The end user chooses not to contract with a supplier until the eligibility application is approved, this may create a dangerous cycle of inactivity as suppliers may not be able to, or choose not to support the eligibility application, particularly in the case new registrations as suppliers may not be registered in SMRS. At this point Suppliers may not be registered to the MPANs so may not have the right within industry, or a contractual relationship (as determined under the national terms of connection) to complete the eligibility application, as this will generally denote they have no contractual agreement with the end consumer. This may lead to prolonged lengths of time between registration between energisation causing delays in the energisation of a storage site by creating added complexity for the storage site user that could be avoided, that ultimately may affect the end consumers business case for investing in a storage capability.</p> <p>4. Existing connection arrangements outline that the DNO are required to ensure that the generation and the installation must comply with the ENAs Engineering Recommendation G99, in the case of export power Engineering Recommendation G100 provide requirements for the connection of Customer Export Limiting Schemes (ELS) that operate on the Distribution Systems of licensed Distribution Network Operators (DNOs). These engineering requirements are placed on DNO's to ensure the connection</p>	<p>their suppliers information associated with their licensed activity, and that this is aimed at supporting compliance by suppliers on their obligation to submit timely and accurate supply volumes to enable the correct calculation of final consumption levies. Further to this, Ofgem noted that there is ongoing industry work on network charges that is considering what changes to industry processes are necessary to ensure such charges are allocated correctly to storage, with DCP 341/342 being identified as two of these. The below is an extract from the document:</p> <p><i>"If we were in due course to approve these changes, the solutions proposed would require storage parties – among other things - to be able to identify the electricity volumes associated to each storage facility if they wish to be exempted from some elements of transmission and distribution network charges and use of system charges. The type of information storage parties would need to submit under the solutions proposed in these modifications is consistent with the information requirements also set out in the proposed condition E1. This should give comfort to stakeholders that collecting and sharing information would not be an onerous</i></p>
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		<p>points, along with the what is connected to the distribution system meets the required standards. This also makes to the DNO much better placed to carry out eligibility checks due to the requirements to physically attend site for these reasons upfront.</p> <p>5. For these reasons we feel that the DNO is significantly better placed to carry out eligibility assessments, as the requirements to provide connections along with site assessments are required under existing industry code/engineering requirements. We feel the customer connections processes can be built upon to ensure that DNO's confirm eligibility themselves and in turn set the appropriate DUoS tariffs ahead of creating Mpans in SMRS, meaning that suppliers have the correct information to offer contracts to storage sites up front which in turn enables a smoother end customer journey.</p>	<p><i>task, and should also highlight the direction of travel towards more transparent arrangements among industry parties, as well towards greater granularity of data used by industry."</i></p>
Haven Power	Non-confidential	Yes	<p>Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.</p>
British Gas	Non-confidential	<p>There is no approach set out in the consultation document, other than to say that either the supplier (SVA) or the customer (CVA) will provide assurance to the DNO in a manner that could potentially be set out in the LC14 'Use of System Charging Statement'. We are concerned this may not lead to a common set of arrangements and would prefer the eligibility criteria to be incorporated into DCUSA as part of this change.</p>	<p>The Working Group noted the concerns raised by this respondent that the proposed approach for obtaining confirmation of the eligibility of a storage facility may not lead to a common set of arrangements.</p> <p>The Working Group also noted the suggestion that the parameters for obtaining confirmation of the eligibility of a storage facility should be incorporated in the legal text and not set out of LC14 'Use of System Charging Statement'.</p>

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npower	Non-confidential	<p>We agree in principal with the working group on the proposed approach for confirming the eligibility of a storage facility, however we believe that there should be a more explicit explanation of what storage demand means, and whether this includes ‘parasitic’ loads of the storage facility. i.e. lights, security systems etc.</p>	<p>Noted that this respondent agreed in principal with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility. The Working Group noted that this agreement was caveated with a suggestion that an explicit explanation of what storage demand means, and whether this includes ‘parasitic’ loads of the storage facility. i.e. lights, security systems etc.</p> <p>The Working Group believe that their current text provides for this, however agreed leave a comment against the relevant wording in the legal text, for the DCUSA legal advisors to review.</p>
Smartest Energy	Non-confidential	Yes	<p>Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.</p>
UK Power Reserve Ltd	Non-confidential	<p>Yes, any entity receiving a benefit over other users need to prove eligibility. The Supplier route to confirm eligibility provides a straightforward means to lower barriers for providers that do not hold a licence. Such solution should be looked at in the interest of swift implementation of the CPs.</p> <p>Ultimately, Ofgem will have to provide the clarity necessary for a harmonious set of rules and licence conditions to favour certainty and consistency across DCUSA and CUSC.</p>	<p>Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.</p>
The Greenspan Agency Limited	Non-confidential	Not sure.	<p>Noted that the respondent wasn’t sure with the Working Groups proposed approach for obtaining confirmation of</p>

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		<p>Paragraph 4.18, the proposed definitions for Electricity Storage Facility under DCP341/342 include the following:</p> <p>“means a facility that: has an import MPAN and export MPAN with associated metering equipment which both only measure activities necessary for performing Electricity Storage” (my emphasis)</p> <p>I understand the concern that storage systems connected behind the meter can allow the host demand customer (e.g. factory) to avoid paying their contribution to the residual sunk costs of the network. However the proposed definition risks harming the competitiveness of energy storage projects that are co-located with electricity generation projects, such as wind and solar. Energy storage can be used to ‘load shift’ the energy generated by a co-located renewable energy project so that it is exported at a more useful time of day. The import MPAN associated with the site should still be exempt from the DUoS Demand Residual, TNUoS Demand Residual and BSUoS Demand charges, but as the “activities” would no longer solely be for Electricity Storage, co-located energy storage projects would not qualify.</p> <p>Can the working group propose alternative wording to address the above?</p>	<p>the eligibility of a storage facility but that the comments seemed to be more related to question 3.</p> <p>The Working Group note the concerns raised by this respondent with respect to the proposal that residual exempt import changes should only apply to ‘standalone’ storage facilities.</p> <p>The Working Group’s proposed solution is based on the information currently available and suggests that a CP could be raised if necessary, once the outcomes are known from the many areas currently under review by Ofgem or via modifications to other industry codes currently underway. More specifically, Ofgem gave a clear steer that changes such as these should be progressed by industry outside of the ongoing work associated with the TCR which is expected to capture generation and possibly mixed/co-located sites.</p>
Electricity North West Limited	Non-confidential	<p>Yes.</p> <p>Under the ‘Supplier hub’ principle customers primary relationship is with their supplier, so we believe the proposed ‘Supplier certification’ arrangements are entirely appropriate.</p> <p>We also agree with the drafting of this in the legal text and agree that this would be further supported by the relevant DNO’s LC14 statement.</p>	<p>Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility and provided some supporting rationale behind their view.</p>

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		This is a sensible approach given the Storage facility may or may not be operated by a licensed generator, and consequently the customer might benefit from the support of a supplier in ensuring they are correctly classified by the network operator.	
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Given use of system charges are levied on suppliers, it would be appropriate for a supplier to confirm the eligibility of its customers for these tariffs. The criteria which underpin this confirmation must be clear. We consider that points (a) and (b) of the definitions of 'Electricity Storage Facility' in the legal text achieve the necessary clarity.	Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility and provided some supporting rationale behind their view.
SP Distribution/SP Manweb	Non-confidential	Yes we agree with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.	Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.
UK Power Networks	Non-confidential	Yes.	Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.
WPD	Non-confidential	Yes	Noted that this respondent agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility.
ELEXON Ltd	Non-confidential	DCP341 and DCP342 propose that depending on the nature of connection, either the Supplier or the customer must certify to the DNO that a particular storage facility be exempt from residual DUOS charges. This approach is similar to the director-signed declaration process proposed for CMP280 and CMP281. We believe that the CUSC and DCUSA arrangements should be the same (or at least very similar), in order to improve regulatory certainty and to avoid	Noted that the respondent raised some valid points with respect to the Working Group's proposed approach for obtaining confirmation of the eligibility of a storage facility. However, the Working Group's current approach means that if the scope of the BSC Modification P383 is

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		<p>unintended or perverse outcomes caused by differences between DUOS and TNUOS arrangements.</p> <p>However, whilst in general the proposed DCUSA and CUSC modifications are similar, the DCUSA approach is less defined than the CUSC modifications – that is, the process and means by which Suppliers certify to a DNO is not described in detail, nor are the assurance measures that may be used by DNOs or consequences of invalid certification. Instead DCP341 and DCP342 propose that each DNO will set out more detailed plans in LC14 UoS Charging Statements.</p> <p>In addition to the general risk of divergence with the CUSC arrangements, there are two additional risks to this approach:</p> <ul style="list-style-type: none"> i. that each DNO designs different processes for certification and assurance which results in inconsistent treatment for storage operators; and ii. that the LC14 UoS Charging Statements are not the subject of the same level of open governance as the DCUSA, i.e. any party to the DCUSA, the Consumer Body, NETSO, a person designated by the Authority or the Authority itself can raise changes, whereas changes to LC14 Statements can only be formally proposed by each licensee. <p>The DCP341/342 workgroup consider that the DCP341/342 proposal is less of a burden on storage operators compared to requiring a director-signed declaration (which the CUSC proposals require). On the face of it this may be true but without better understanding each DNO's actual approach (as yet to be defined in LC14 statements), one cannot be certain. Furthermore, it is worth noting that the rationale for requiring a director-signed declaration is to:</p> <ul style="list-style-type: none"> i) provide assurance to NETSO and to CUSC Parties that a storage facility is declared in accordance with the CUSC; and ii) mirror an existing process for seeking exemption from CM and CFD charges. 	<p>widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence, then the amendments required to enact such a change could occur outside of the DCUSA and as such would be easier to amend rather than to have to raise a CP.</p>
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Working Group Conclusions: The Working Group noted that nine of the thirteen respondents agreed with the Working Groups proposed approach for obtaining confirmation of the eligibility of a storage facility and a number provided supporting rationale behind their view. Of the remaining four, one respondent didn't agree, and provided detailed rationale for their view, and three voiced concerns but didn't explicitly agree or disagree. The main concern raised was that the proposed approach for obtaining confirmation of the eligibility of a storage facility may not lead to a common set of arrangements that would be set out by the DNOs in their individual LC14 'Use of System Charging Statement'. Those who raised the concern also suggested that the parameters for obtaining confirmation of the eligibility of a storage facility should be incorporated in the legal text and not set out of LC14 'Use of System Charging Statement'.

The Working Group highlighted that Ofgem issued two documents on 26 June 2019 on 'Clarifying the regulatory framework for electricity storage: Statutory consultation on proposed modifications to the electricity generation licence'. In the covering letter, Ofgem have explained that it is proposed that Condition E1 will include an obligation on storage providers to make available to their suppliers information associated with their licensed activity, and that this is aimed at supporting compliance by suppliers on their obligation to submit timely and accurate supply volumes to enable the correct calculation of final consumption levies. Further to this, Ofgem noted that there is ongoing industry work on network charges that is considering what changes to industry processes are necessary to ensure such charges are allocated correctly to storage, with DCP 341/342 being identified as two of these. The below is an extract from the document:

"If we were in due course to approve these changes, the solutions proposed would require storage parties – among other things - to be able to identify the electricity volumes associated to each storage facility if they wish to be exempted from some elements of transmission and distribution network charges and use of system charges. The type of information storage parties would need to submit under the solutions proposed in these modifications is consistent with the information requirements also set out in the proposed condition E1. This should give comfort to stakeholders that collecting and sharing information would not be an onerous task, and should also highlight the direction of travel towards more transparent arrangements among industry parties, as well towards greater granularity of data used by industry."

Further to this, the current approach means that if the scope of the BSC Modification P383 is widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence, then the amendments required to enact such a change could occur outside of the DCUSA and as such would be easier to amend rather than to have to raise a CP.

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Company	Confidential / Anonymous	<p>Question 5: Do you believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications?</p> <p>And if so, do you believe that the scope of the BSC Modification P383 should be widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence?</p>	Working Group Comments
E.ON	Non-confidential	<p>We do not believe that certification process should be aligned to CUSC modifications.</p> <ol style="list-style-type: none"> 1. The primary reason for this is because the CUSC modifications seek to only certify licenced storage sites which is reasonable given that connections to the transmission system are expected to have import/export capacities at 100MW+ licensable generation outputs. 2. DCUSA arrangements will be connections below 100MW generation output, therefore certification of a storage facility should be worked on licence exempt basis within the DCUSA and, if required through D.Code arrangements. 3. We agree that the scope of P383 could be expanded to account for all SVA storage sites, as we envisage that P383 solution could work in a similar fashion to how EII exemption & Capacity market allocations do currently. 4. However we envisage the P383 solution would only make allowances for TNUoS & BSUoS charges where SVA registered, we do not believe that the P383 solution offers a viable solution for DUoS purposes. 5. We believe that a much easier route for distributors & suppliers to identify storage sites is via LLFCs through DNO led eligibly assessments & certifications, these assessments would not be reflective in the CUSC as the particular TNUoS liabilities do not derive LLFCs, furthermore this may create a direct conflict with the Targeted Charging Review (TCR) which 	<p>The Working Group note that this respondent does not believe that certification process should be aligned to CUSC modifications for number of reasons.</p> <p>The respondent put forward a suggestion in item 5 of their response which indicated that an easier route for distributors & suppliers to identify storage sites is via LLFCs through DNO led eligibly assessments & certifications, these assessments would not be reflective in the CUSC as the particular TNUoS liabilities do not derive LLFCs, furthermore this may create a direct conflict with the Targeted Charging Review (TCR) which asked how TNUoS could be lined to LLFCs in its consultation earlier this year.</p> <p>The Working Group also note that two documents issued by Ofgem yesterday on 'Clarifying the regulatory framework for electricity storage: Statutory consultation</p>

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		asked how TNUoS could be lined to LLFCs in its consultation earlier this year.	on proposed modifications to the electricity generation licence' may play a role in determining the way forward. It should also be noted that on 17 June, Ofgem issued an update titled ' <i>Future Charging and Access programme – consultation on supplementary information and analysis to November 2018 minded-to decision on the Targeted Charging Review</i> ' within which was a section related to the clarification of line loss factor classes LLFCs.
Haven Power	Non-confidential	<p>Yes, we believe the certification of storage should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications.</p> <p>We also believe the scope of the BSC Modification P383 should be widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence. Parties can raise an alternative solution within BSC Modification P383 or another BSC modification if necessary.</p>	The Working Group note that this respondent does believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. Further to this, they also agreed that the scope of the BSC Modification P383 should be widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence.
British Gas	Non-confidential	Aligned industry processes would be desirable as far as is practicable. For example, even if eligibility criteria differed between CUSC (TNUoS/BSUoS) and DCUSA (DUoS), a single director-declaration could be designed to capture the information required for all exemptions (rather than requiring multiple director-declarations).	The Working Group note that this respondent does believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. Their rationale was based on simplification of process, e.g. one

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			designed to capture the information required for all exemptions (rather than requiring multiple director-declarations).
npower	Non-confidential	<p>We agree that certification of storage facilities in DCUSA should be aligned to the CUSC. This is a quick win which would further implement the Authority's policy intent to reduce the regulatory burden on the deployment of storage.</p> <p>Continuing with the reduction of the regulatory burden we also agree that P383 should be widened to include all SVA storage facilities and not just those that hold a generation licence.</p>	<p>The Working Group note that this respondent does believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. Their rationale was their view that this reduction of the regulatory burden could be seen if P383 is widened to include all SVA storage facilities and not just those that hold a generation licence.</p>
Smartest Energy	Non-confidential	Yes and yes	<p>The Working Group note that this respondent does believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. Further to this, the respondent agreed that that the scope of the BSC Modification P383 should be widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence.</p>
UK Power Reserve Ltd	Non-confidential	Yes, UKPR supports consistency and alignment between the charging regimes of DCUSA and CUSC.	<p>The Working Group believe that this respondent is supportive of an aligned approach to certification of storage</p>

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		To achieve a level playing field between SVA and CVA storage facilities and to avoid unintended discrimination, storage sites with SVA metering should be included.	facilities across both DCUSA CPs and the CUSC modifications. The Working Group also believe that this respondent is supportive of widening the scope of the BSC Modification P383 for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence.
The Greenspan Agency Limited	Non-confidential	All SVA storage facilities should be eligible for removal of charges for TNUoS Demand Residual, DUoS Demand Residual and Demand BSUoS, <u>irrespective of whether or not they hold a generation licence.</u>	The Working Group noted that this respondent is supportive of the principle that all SVA storage facilities should be eligible for removal of residual charges irrespective of whether or not they hold a generation licence.
Electricity North West Limited	Non-confidential	<p>We believe that alignment should be achieved to the extent it is possible, but there are differences between CUSC and DCUSA that will not make full alignment possible.</p> <p>Primarily, it would not be appropriate to discriminate under DCUSA between parties holding a generation licence, and those parties that are legitimately operating storage facilities that do not require a licence.</p> <p>We are therefore content that the approach taken by the working group is valid.</p> <p>Decisions regarding the scope of P383 should be taken by the group developing that change, but we do not believe it is necessary to ensure the two separate changes are strictly aligned. We would expect that any party that qualifies for exemption from residual charges under P383 would also qualify under DCP341/2 if connected to a distribution network, according to the current proposed approaches of both changes.</p>	<p>The Working Group noted that this respondent is content that the approach taken by the working group to not discriminate between parties holding a generation licence, and those parties that are legitimately operating storage facilities that do not require a licence.</p> <p>The Working Group agree that the ultimate decision on whether scope of P383 can and/or should be widened to include storage facilities that do not require a licence will rest with the group developing P383. However, the Working Group expect to pass the results on to</p>

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			the relevant Code Administrator, so they are aware of what industry has said.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>No.</p> <p>Regulatory alignment is desirable where possible. But certain arrangements may be practical for a small number of large connectees (as is the case on the transmission network), and those arrangements may be inappropriate when considering a large number of smaller connectees on the distribution networks.</p>	<p>The Working Group noted that this respondent does not agree that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. The rationale provided for this view was noted by the Working Group as being due to the inherent differences between the transmission network where there may only be a small number of large connectees and distribution networks, where there may be a large number of smaller connectees.</p>
SP Distribution/SP Manweb	Non-confidential	<p>Yes we agree with industry alignment, however the implementation date would need to be pushed back to April 2022, this will potentially outweigh the benefit of the alignment.</p>	<p>The Working Group note that this respondent does believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications. The Working Group also believe that this respondent is supportive of widening the scope of the BSC Modification P383 for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence. However, in their response, they highlighted that this may result in the implementation date needing to be pushed back to April 2022</p>

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			and doing so may potentially outweigh the benefit of the alignment.
UK Power Networks	Non-confidential	<p>At the current time under the SCR, changes are being considered across the networks to remove barriers and encourage better and easier access for parties who wish to connect to the network(s). As a result it would seem vitally important that any changes which are proposed now under the open governance arrangements, are joined up across the different arrangements (DCUSA and CUSC) to ensure that further differences are not introduced.</p> <p>As a result the scope of BSC modification P383 may need to be reviewed to ensure that all types of customer are addressed as a result of this change.</p>	<p>The Working Group noted that this respondent is content that the approach taken by the working group to not discriminate under DCUSA between parties holding a generation licence, and those parties that are legitimately operating storage facilities that do not require a licence.</p> <p>The Working Group agree that the ultimate decision on whether scope of P383 can and/or should be widened to include storage facilities that do not require a licence will rest with the group developing P383. However, the Working Group expect to pass the results on to the relevant Code Administrator, so they are aware of what industry has said.</p>
WPD	Non-confidential	
ELEXON Ltd	Non-confidential	<p>We believe that industry would benefit from simplified, consistent and consolidated code arrangements and, as a minimum, common principles, approaches, definitions and processes.</p> <p>In general, we believe that simplified, consistent, consolidated arrangements reduce regulatory barriers and the risk of unintended or perverse outcomes. The risks of inconsistencies and therefore the need to better align DUoS and TNUOS arrangements has been highlighted in Ofgem's overarching reviews into network charging arrangements. We have also set out our thinking on</p>	<p>The Working Group agree that the ultimate decision on whether scope of P383 can and/or should be widened to include storage facilities that do not require a licence will rest with the group developing P383. However, a member from the relevant Code Administrator attends the DCP 341/342 Working Group as an observer and as such have a copy of this documentation. Further to this, the</p>

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		<p>consolidating code management and code arrangements in our white paper entitled 'ELEXON Policy View: The Energy Codes Review'.</p> <p>We recognise that efforts have been made to share details between the CUSC and DCUSA workgroups and the solutions have converged. However, there are still opportunities to align the processes, in particular in terms of certification/declaration and the definition of what a storage facility is.</p> <p>A common approach to defining an eligible storage facility and to certification/declaration would mean a storage facility would require a single certificate/declaration that satisfies both DCUSA and CUSC requirements.</p> <p>Furthermore, a common approach to certification/declaration could more easily be managed by a single common administrator and system, e.g. such as the one being considered as part of P383. That is, ELEXON could be responsible for receiving the single certificate/declaration, checking it, reporting specific metered volumes for eligible storage facilities to network operators and providing overall assurance measures.</p>	<p>Working Group highlight that Ofgem are expecting to be in receipt of these CPs by the end of August 2019 and as such, any amendments to the current solution would mean not meeting that expectation. However as noted previously, these CPs are focussed on changes to the charging methodologies and the certification process could be amended later if so desired and in a much shorter timeframe, given there would not be a need for an 18-month lead time.</p>
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Working Group Conclusions: The Working Group noted that nine of the thirteen respondents were content with or believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications and that they also believed that the scope of the BSC Modification P383 should be widened for the purposes of the DCUSA to account for the approach taken by the Working Group to include all SVA storage facilities not just those that hold a licence.

One respondent that didn't believe that the certification of storage facilities should, for DCUSA purposes, be aligned to that which is being developed for the CUSC modifications, explained *"this is due to the inherent differences between the transmission Network where there may only be a small number of large connectees and distribution networks, where there may a large number of smaller connectees."*

The Working Group agree that the ultimate decision on whether scope of P383 can and/or should be widened to include storage facilities that do not require a licence will rest with the group developing P383. However, a member from the relevant Code Administrator attends the DCP 341/342 Working Group as an observer and as such have a copy of this documentation. Further to this, the Working Group highlight that Ofgem are expecting to be in receipt of these CPs by the end of August 2019 and as such, any amendments to the current solution would mean not meeting that expectation. However as noted previously, these CPs are focussed on changes to the charging methodologies and the certification process could be amended later if so desired and in a much shorter timeframe, given there would not be a need for an 18-month lead time.

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Company	Confidential / Anonymous	Question 6: Do you believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage? Please provide your rationale.	Working Group Comments
E.ON	Non-confidential	<p>We Do not believe that DCP 341 is reflective of the governments/Ofgem's policy to remove regulatory barriers.</p> <p>As outlined in response to question 3 the proposed solution creates additional barriers to a storages sites ability to move through the regulatory requirements to enter the SVA market, primarily by placing the obligation on suppliers to assess eligibility.</p>	Working Group note that this respondent does not believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage. Specifically, due to placing the obligation on suppliers to assess/confirm the eligibility of storage facilities for residual exempt import/demand charges. The Working Group note that with respect to they have commented against their response to question 3 on that subject matter.
Haven Power	Non-confidential	Yes	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
British Gas	Non-confidential	It is a step in the right direction, although as mentioned in our response to Q3, we believe that Ofgem's intent is that residual charge exemptions should also apply to any 'intermediate' demand at co-located storage sites.	Noted that the respondent believes that the solution for DCP 341 is a step in the right direction, although caveted this with concerns raised in their response to question three to which the Working Group commented on during their review of responses to that question.

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npower	Non-confidential	We believe that the solution is reflective of the Authority's policy to reduce regulatory barriers for further deployment of storage. Our rationale for this is that the change does not require the storage site to hold a Generation License or require director-signed declarations.	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage and provided some supporting rationale behind their view.
Smartest Energy	Non-confidential	Yes	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
UK Power Reserve Ltd	Non-confidential	Yes, as this CP will reduce the (unnecessary) operating costs of storage capability, so that they are treated the same as other network support facilities.	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage and provided some supporting rationale behind their view.
The Greenspan Agency Limited	Non-confidential	Yes.	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
Electricity North West Limited	Non-confidential	Yes.	Working Group note that this respondent does believe that the proposed solution

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		<p>It is the clearly stated view of Ofgem that applying residual charges to storage facilities without final demand is acting as a barrier to the deployment of storage.</p> <p>We believe that the proposed change addresses this in regards to standalone storage facilities and that this is a reasonable approach given Ofgem's stated desire for "faster reform", and note that Ofgem have retained the option to of addressing storage changes through the TCR if they decide further reform is necessary.</p>	<p>for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage and provided some supporting rationale behind their view.</p>
<p>Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc</p>	<p>Non-confidential</p>	<p>No.</p> <p>Firstly, Ofgem's policy intent is not clear, with contradictory positions being adopted in different publications.</p> <p>In its open letter of 23rd January 2019¹, Ofgem stated:</p> <p style="text-align: center;"><i>We think that storage should only face one set of residual network charges, and that those should be applied in a manner consistent with generation.</i></p> <p>This is already the case – both storage and other embedded generation face one set of residual charges in respect of imports.</p> <p>However, Ofgem's policy under the TCR is that residual charges should apply to 'final demand' only. We assume that demand for storage and demand for the operation of a generator is not 'final demand' (this is an assumption as 'final demand' has not yet been clearly defined). Hence, Ofgem's policy under the TCR contradicts this extract from its open letter.</p> <p>Secondly, as stated in response to question two, we have not yet seen justification for applying residual charges to 'final demand' only. We continue to hold the view that all demand should attract residual charges. If residual charging is a 'barrier' to the deployment of storage then it is an economic</p>	<p>Working Group note that this respondent does not believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.</p>

¹ https://www.ofgem.gov.uk/system/files/docs/2019/01/storage_and_charging_reform_2201f.pdf

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		barrier, not a regulatory barrier. To selectively remove such economic barriers is akin to a backdoor subsidy. If Government wishes to subsidise storage then it should do so explicitly, not through distortions in use of system charges.	
SP Distribution/SP Manweb	Non-confidential	Yes we agree that proposed solution is reflective of the Government/Ofgem's policy intent.	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
UK Power Networks	Non-confidential	Yes, this change does reduce regulatory barriers for storage operators, but as a result creates a differential between storage and other generators.	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage. The Working Group notes the comments with respect to potentially creating a differential between storage and other generators.
WPD	Non-confidential	Yes	Working Group note that this respondent does believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
ELEXON Ltd	Non-confidential	-	
Working Group Conclusions: The Working Group noted that nine of the thirteen respondents do believe that the proposed solution for DCP 341 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage. Of the remaining four respondents, one did not provide a response and two referred back to their responses to a previous question and one provided detailed rational behind not believing that the proposed solution for DCP 341			

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is reflective of the Governments/Ofgem's policy intent. The Working Group agreed that these should be highlighted in the Change Report and for reference, are provided below:

"Firstly, Ofgem's policy intent is not clear, with contradictory positions being adopted in different publications.

In its open letter of 23rd January 2019 , Ofgem stated:

"We think that storage should only face one set of residual network charges, and that those should be applied in a manner consistent with generation."

This is already the case – both storage and other embedded generation face one set of residual charges in respect of imports.

However, Ofgem's policy under the TCR is that residual charges should apply to 'final demand' only. We assume that demand for storage and demand for the operation of a generator is not 'final demand' (this is an assumption as 'final demand' has not yet been clearly defined). Hence, Ofgem's policy under the TCR contradicts this extract from its open letter.

Secondly, as stated in response to question two, we have not yet seen justification for applying residual charges to 'final demand' only. We continue to hold the view that all demand should attract residual charges. If residual charging is a 'barrier' to the deployment of storage then it is an economic barrier, not a regulatory barrier. To selectively remove such economic barriers is akin to a backdoor subsidy. If Government wishes to subsidise storage then it should do so explicitly, not through distortions in use of system charges."

Company	Confidential / Anonymous	Question 7: Do you agree with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering? Please provide your rationale.	Working Group Comments
E.ON	Non-confidential	<p>We agree that with the Working Groups solution storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.</p> <ol style="list-style-type: none"> 1. For a storage site to gain the benefits that proposed solution may offers, the existing charging arrangements denote that a storage site must be registered into Measurement classes C or E to be assigned site specific DUoS tariff both of which meet the CT metering definitions. 2. CT meters registered as HH also create a requirement for connection agreements to be agreed between the end consumer & the DNO, which sets the Maximum Import Capacity (MIC) between the end consumer & the DNO, which the DNO will make available to the consumer to offtake from the distribution network once in place.. 	<p>The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.</p> <p>The Working Group also note that this respondent has laid out the rationale behind their thinking which may be of use for the Change Report.</p>

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		<p>3. We feel by limiting the solution to CT metering also creates the opportunity for the DNO's to capture eligibility through making an amendment to connection agreement to capture this information with the end consumers directly, which further supports the case for the DNO being responsible for eligibility as detailed in response to question 4.</p> <p>4. We do not feel that WC metering or those within Measurement Classes A,F & G should be included, primarily because the DNOs will not be able to see the benefits the storage site offers to the network due to aggregated DUoS billing & an inability to see the MPAN level consumption data.</p>	
Haven Power	Non-confidential	Yes, the complexity of developing a solution which works for WC metering is not warranted especially given the limited number of storage facilities with WC metering.	The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.
British Gas	Non-confidential	In principle, we do not agree that metering type should affect whether a customer faces residual charges. However, we accept this is a pragmatic solution to enable a 'quick win' for the majority of storage sites.	The Working Group noted that this respondent does not agree with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering, however, conceded that it is a pragmatic solution to enable a 'quick win' for the majority of storage sites.
npower	Non-confidential	We agree with the working group that in the interests of expediency the current change should only apply to CT metered sites. However we also believe that further analysis should be carried out to quantify the number of existing WC metered storage sites and depending on a cost benefit analysis whether a subsequent change should be raised to include WC metering.	The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.

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			The Working Group noted that this respondent suggested that further analysis should be carried out to quantify the number of existing WC metered storage sites and depending on a cost benefit analysis whether a subsequent change should be raised to include WC metering.
Smartest Energy	Non-confidential	Yes	The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.
UK Power Reserve Ltd	Non-confidential	Yes, as this is consistent with the requirements of the relevant charging models.	The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.
The Greenspan Agency Limited	Non-confidential	Don't know.	Noted
Electricity North West Limited	Non-confidential	<p>Yes. While we think it would be more desirable to include both WC and CT metering in the solution, on balance we agree with the working groups proposed solution.</p> <p>We don't think there are any business models based around standalone WC-metered storage sites. To our knowledge all storage at WC-metered sites is designed to support co-located demand, or both co-located demand and generation.</p>	<p>The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.</p> <p>The Working Group also note that this respondent has laid out the rationale</p>

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		The complexity that including WC-metered sites would entail is therefore unnecessary as there is no viable WC-metered storage market that is subject to distortions.	behind their thinking which is that no evidence has been produced that any business models based around standalone WC-metered storage sites. The respondent also suggested that this means it is unnecessary to do so given that it would increase the complexity of the solution for little or no reason.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	See response to question 3.	<p>The Working Group comments related to Northern Powergrid's response to question 3 are set below:</p> <p><i>"The Working Group note, that this respondent is not supportive of these changes being introduced as a 'quick win' at this stage. However, agreed that if they were to be supportive of such changes then they would be broadly supportive of the pragmatic solution suggested by the Working Group, of applying these changes to standalone, current transformer (CT) metered storage only."</i></p>
SP Distribution/SP Manweb	Non-confidential	Yes we agree that storage tariffs should only apply to CT metered storage facilities.	The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.

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UK Power Networks	Non-confidential	<p>Yes, we would agree with the view of the working group that the majority (if not all) storage customers would have CT metering installed, and agree that to introduce equivalent tariffs for WC metered sites would delay the implementation of any change to the arrangements beyond April 2021. This is as a result of the complexity of the changes required, potentially for no customers to need to use the arrangements.</p>	<p>The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.</p> <p>The Working Group also note that this respondent has laid out the rationale behind their thinking which is that introducing equivalent tariffs for WC metered sites would delay the implementation of these CPs beyond April 2021 for little or no benefit.</p>
WPD	Non-confidential	Yes	<p>The Working Group noted that this respondent agrees with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering.</p>
ELEXON Ltd	Non-confidential	<p>We are concerned that the rationale for limiting eligibility to facilities that use CT metering equipment is coincidental rather than based on first principles.</p> <p>In general our understanding is that when Ofgem and BEIS published their Smart Systems and Flexibility Plan and reflected in subsequent correspondence from Ofgem, their expectation was that relief from network charges should be available to all storage and did not specify any particular limitations, except that final demand should continue to attract residual and BSUOS demand charges. Therefore, any limitation to eligibility should be supported by a clear, robust rationale.</p>	<p>The Working Group note the concerns raised by this respondent with respect to the proposal that residual exempt import tariffs should only apply to storage facilities that use CT metering equipment.</p> <p>With respect to the comments about the Working Groups's rationale for limiting the tariffs to CT metered storage facilities being coincidental rather than based on first principle reasons why WC metered</p>

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		<p>The DCP341/342 consultation argues that accommodating whole-current (WC) metering systems would be complex. In reaching this conclusion the consultation notes that the workgroup considered that there would be a very limited number of storage facilities with whole-current metering systems that were not co-located with other demand and that the probability of WC metered storage facilities being eligible being small.</p> <p>We're concerned that the rationale for limiting relief to CT metered storage facilities is coincidental rather than based on first principle reasons why WC metered facilities should not be eligible. As with the CUSC proposals, we believe that what matters is whether Settlement HH metering systems only measure Imports (and Exports) for storage purposes. This would give all storage facility operators the opportunity to install metering that separates intermediate demand from final demand irrespective of whether CT or WC metering equipment is used.</p>	<p>facilities should not be eligible, the Working Group note the following:</p> <ul style="list-style-type: none"> • All DNOs have members on the Working Group and when asked if they were aware of any WC metered storage facilities that would meet the other eligibility criteria, none responded in the affirmative • One Working Group member reached out to Regen, to seek an understanding as to whether they or their members had any concerns with the proposed approach, to which the answer was that they did not. • As noted against responses above, introducing equivalent tariffs for WC metered sites would delay the implementation of these CPs beyond April 2021 for little or no benefit and that there is an expectation that these will be provided to Ofgem by the end of August so that a decision can be made in time to be included in the charges for 2021/22.
<p>Working Group Conclusions: The Working Group noted that nine of the thirteen respondents agree with the Working Groups solution that storage tariffs will only be applicable to storage facilities that are metered with current transformer (CT) metering. Of the remaining four respondents, one didn't know, one referred back to their responses to a previous question and conceded that although it would be preferred that the solution encompasses both CT and WC, they do accept that it "is a pragmatic solution to enable a 'quick win' for the majority of storage sites". The remaining respondent raised concerns about the Working Groups' "rationale for limiting the tariffs</p>			

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to CT metered storage facilities being coincidental rather than based on first principle reasons why WC metered facilities should not be eligible”. In response, the Working Group noted the following:

- All DNOs have members on the Working Group and when asked if they were aware of any WC metered storage facilities that would meet the other eligibility criteria, none responded in the affirmative
- One Working Group member reached out to Regen, to seek an understanding as to whether they or their members had any concerns with the proposed approach, to which the answer was that they did not.
- As noted against responses above, introducing equivalent tariffs for WC metered sites would delay the implementation of these CPs beyond April 2021 for little or no benefit and that there is an expectation that these will be provided to Ofgem by the end of August so that a decision can be made in time to be included in the charges for 2021/22.

Company	Confidential / Anonymous	Question 8: Do you believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage? Please provide your rationale.	Working Group Comments
E.ON	Non-confidential	<p>We do not believe that DCP 342 is reflective of the governments/Ofgem's policy to remove barriers, as outlined in response to question 3 the proposed solution creates additional barriers to a storages sites by placing the obligation on suppliers to assess eligibility.</p> <p>We feel that the option for consumer/DNO eligibility assessment under the CVA market should be progressed under both DCP 341 & both the SVA & CVA routes to market under DCP 342.</p>	Working Group note that this respondent does not believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage. Specifically, due to placing the obligation on suppliers to assess/confirm the eligibility of storage facilities for residual exempt import/demand charges. The Working Group note that with respect to they have commented against their response to question 3 on that subject matter.
Haven Power	Non-confidential	Yes	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the

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			Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
British Gas	Non-confidential	It is a step in the right direction, although as mentioned in our response to Q3, we believe that Ofgem's intent is that residual charge exemptions should also apply to any 'intermediate' demand at co-located storage sites.	Noted that the respondent believes that the solution for DCP 342 is a step in the right direction , although caveated this with concerns raised in their response to question three to which the Working Group commented on during their review of responses to that question.
npower	Non-confidential	We believe that the solution is reflective of the Authority's policy to reduce regulatory barriers for further deployment of storage. Our rationale for this is that the change does not require the storage site to hold a Generation License or require director-signed declarations.	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
Smartest Energy	Non-confidential	Yes	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
UK Power Reserve Ltd	Non-confidential	As response to Q6.	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.

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The Greenspan Agency Limited	Non-confidential	Yes.	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
Electricity North West Limited	Non-confidential	Yes. Our reasoning is as per our response to Q6.	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage and their supporting rationale for their view is set out in question 6.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	See response to question 6.	Working Group note that this respondent does not believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage and their supporting rationale for their view is set out in question 6.
SP Distribution/SP Manweb	Non-confidential	Yes we believe that the proposed solution is reflective of the Governments/Ofgem's policy intent.	Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.
UK Power Networks	Non-confidential	Yes, this change does reduce regulatory barriers for storage operators, but as a result creates a differential between storage and other generators.	Working Group note that this respondent does believe that the proposed solution

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			<p>for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.</p> <p>The Working Group notes this respondents' comments with respect to potentially creating a differential between storage and other generators.</p>
WPD	Non-confidential	Yes	<p>Working Group note that this respondent does believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage.</p>
ELEXON Ltd	Non-confidential	-	

Working Group Conclusions: The Working Group noted that nine of the thirteen respondents do believe that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent to reduce regulatory barriers to the further deployment of storage. Of the remaining four respondents, one did not provide a response and two referred back to their responses to a previous question and one provided detailed rational behind not believing that the proposed solution for DCP 342 is reflective of the Governments/Ofgem's policy intent. The Working Group agreed that these should be highlighted in the Change Report and for reference, are provided below:

"Firstly, Ofgem's policy intent is not clear, with contradictory positions being adopted in different publications.

In its open letter of 23rd January 2019 , Ofgem stated:

"We think that storage should only face one set of residual network charges, and that those should be applied in a manner consistent with generation."

This is already the case – both storage and other embedded generation face one set of residual charges in respect of imports.

However, Ofgem's policy under the TCR is that residual charges should apply to 'final demand' only. We assume that demand for storage and demand for the operation of a generator is not 'final demand' (this is an assumption as 'final demand' has not yet been clearly defined). Hence, Ofgem's policy under the TCR contradicts this extract from its open letter.

Secondly, as stated in response to question two, we have not yet seen justification for applying residual charges to 'final demand' only. We continue to hold the view that all demand should attract residual charges. If residual charging is a 'barrier' to the deployment of storage then it is an economic barrier, not a regulatory barrier. To

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selectively remove such economic barriers is akin to a backdoor subsidy. If Government wishes to subsidise storage then it should do so explicitly, not through distortions in use of system charges.”

Company	Confidential / Anonymous	<p>Question 9: Do you consider that DCP 341 and DCP 342 better facilitates the DCUSA Charging Objectives?</p> <p>If so, please detail which of the Charging Objectives you believe are better facilitated and provide supporting reasons.</p> <p>If not, please provide supporting reasons</p>	Working Group Comments
E.ON	Non-confidential	We agree that the relevant charging objectives would be met under the current solution.	Noted that this respondent agrees that DCPs 341/DCP 342 would better facilitates the DCUSA Charging Objectives but did not specify which.
Haven Power	Non-confidential	We agree that DCUSA charging objectives 1 to 4 are better facilitated for the reasons outlined in the consultation document.	Noted that this respondent agrees that DCPs 341/342 would better facilitate DCUSA Charging Objectives 1 to 4 and for the same reasons as was set out in the consultation document.
British Gas	Non-confidential	<p>We believe charging objectives 1,2 and 4 are better facilitated for the reasons set out in the consultation document.</p> <p>We believe the change is neutral against charging objective 3, since the aggregate amount being recovered by residual charges is unchanged.</p>	Noted that this respondent agrees that DCPs 341/342 would better facilitate DCUSA Charging Objectives 1, 2 and 4 and for the same reasons as was set out in the consultation document. Further to this, the respondent provided their view that DCP 341/342 have a neutral impact on charging objective 3, due to “the aggregate amount being recovered by residual charges is unchanged”
npower	Non-confidential	We have no comment.	n/a

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Smartest Energy	Non-confidential	Yes	Noted that this respondent considers that DCPs 341/DCP 342 would better facilitates the DCUSA Charging Objectives but did not specify which.
UK Power Reserve Ltd	Non-confidential	<p>Yes. UKPR agrees with the WG assessment that these CPs facilitate DCUSA Charging Objectives 1, 2, 3, 4.</p> <p>These CPs facilitate competition, reducing barriers to entry for storage sites by aligning their operating cost base with existing generation sites.</p>	Noted that this respondent agrees that DCPs 341/342 would better facilitate DCUSA Charging Objectives 1, 2, 3 and 4 and for the same reasons as was set out in the consultation document.
The Greenspan Agency Limited	Non-confidential	Yes.	Noted that this respondent considers that DCPs 341/342 would better facilitates the DCUSA Charging Objectives but did not specify which.
Electricity North West Limited	Non-confidential	<p>We believe that the proposed change would better facilitate DCUSA charging objectives 1, 2, 3 and 4 – our reasoning is a set out in the consultation document (reproduced below). We believe there would be no impact on DCUSA charging objective 5 and 6.</p> <p>Charging Objective One: Standard Licence Condition four of the electricity distribution licence requires that Distributors operate their businesses in a way that does not distort competition in the generation of electricity. This CP will ensure that storage facilities connected at HV and LV are able to compete on a level playing field with traditional embedded generation technologies, and so will avoid a distortion to competition in the generation of electricity.</p> <p>Charging Objective Two: This CP will ensure that storage are able to compete on a level playing field with traditional embedded generation technologies, and so will avoid a distortion to competition in the generation of electricity.</p> <p>Charging Objective Three: This CP will increase the cost-reflectivity of tariffs for storage facilities by ensuring they are not exposed to residual charges.</p>	Noted that this respondent believes that the DCPs 341/342 would better facilitate DCUSA charging objectives 1, 2, 3 and 4 and that their reasoning is a set out in the consultation document. Further to this the respondent provided their view that DCPs 341/342 would have no impact on DCUSA charging objective 5 and 6.

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		Charging Objective Four: DNOs are seeing an increase in the number of applications for the connection of storage facilities to their networks. This CP will ensure that such storage facilities can compete on a level playing field with other embedded generators.	
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>This change will have a negative impact on the DCUSA Charging Objectives.</p> <p>Charging Objective two will be negatively impacted. By removing residual charging from standalone storage only, this change will create a distortion between standalone storage and other embedded generation.</p> <p>Charging Objective one will be negatively impacted. The application of residual charging to 'final demand' only has not yet been justified. As a result, we consider any change which moves the burden of residual charging from demand which is not 'final demand' onto 'final demand' (which DCP 341/342 will do) will reduce cost-reflectivity.</p> <p>If the justification for the application of residual charges to 'final demand' were provided, the negative impact on Charging Objective two would remain but there would be an argument for an offsetting positive impact on Charging Objective three.</p>	Noted that this respondent believes that the DCPs 341/342 would not better facilitate DCUSA charging objectives and it would have a negative impact on charging objectives 1 and 2. The Working Group noted that the respondent provided their rationale for that view.
SP Distribution/SP Manweb	Non-confidential	Yes we agree with charging objectives detailed in the consultation document.	Noted that this respondent believes that the DCPs 341/342 would better facilitate DCUSA charging objectives 1, 2, 3 and 4 and for the same reasons as was set out in the consultation document.
UK Power Networks	Non-confidential	<p>Although we believe that the changes proposed better facilitate charging objective one, as a result of the changes which are being proposed align to those which Ofgem are keen to be taken forward.</p> <p>We do believe that charging objectives two and three will be negatively impacted as a result of these changes, in that a storage customer will be treated differently (for their import connection) by not paying any residual to</p>	Noted that this respondent believes that the DCPs 341/342 would better facilitate DCUSA charging objective 1 only. Further to this, the respondent believes that DCPs 341/342 would have a negative impact on charging objectives 2 and 3 for which they provided their rationale for.

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		that of any other generator, who would continue to pay residual charges under the changes proposed.	
WPD	Non-confidential	WPD agree with the working group that objectives 1,2, 3 and 4 are positively effected	Noted that this respondent agrees that DCPs 341/342 would better facilitate DCUSA Charging Objectives 1, 2, 3 and 4 and for the same reasons as was set out in the consultation document. However, it should be noted that it was the view of the Proposer and not that of the Working Group which was set out in the consultation document.
ELEXON Ltd	Non-confidential	<p>We believe that on balance DCP341 and DCP342 should better facilitate the second DCUSA Charging Objective. That is, implementing DCP341 and DCP342 should address a barrier to participation by certain storage facilities compared to other conventional generators.</p> <p>Whilst DCP341 and DCP342 may not apply to all storage facilities, i.e. complex/co-located sites without dedicated HH CT metering, it is better than no solution.</p> <p>However, by limiting the solution to a CT metered facilities the solution does discriminate against WC metered facilities. There may be good reasons for discriminating on this basis but as outlined above we are concerned that the proposer and workgroup have not clearly made this case.</p>	Noted that this respondent believes that the DCPs 341/342 would better facilitate DCUSA charging objective 2 only, for which they provided their rationale for.

Working Group Conclusions: At a high level, the following table sets out whether each respondent considered that the proposal better facilitates the DCUSA Charging Objectives and which they believed to be in scope.

Respondent	Charging Objective 1	Charging Objective 2	Charging Objective 3	Charging Objective 4	Charging Objective 5	Charging Objective 6
1.	Positive	Positive	Positive	Positive	Positive	Positive
2.	Positive	Positive	Positive	Positive	-	-
3.	Positive	Positive	Neutral	Positive	-	-

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4.	-	-	-	-	-	-
5.	Positive	Positive	Positive	Positive	Positive	Positive
6.	Positive	Positive	Positive	Positive		
7.	Positive	Positive	Positive	Positive	Positive	Positive
8.	Positive	Positive	Positive	Positive	N/A	N/A
9.	Negative	Negative	-	-	-	-
10.	Positive	Positive	Positive	Positive	-	-
11.	Positive	Negative	Negative		-	-
12.	Positive	Positive	Positive	Positive	-	-
13.	-	Positive	-	-	-	-

Company	Confidential / Anonymous	Question 10: Are you supportive of the proposed implementation date of 01 April 2021?	Working Group Comments
E.ON	Non-confidential	<p>We do not agree with the proposed implementation date, because:</p> <ol style="list-style-type: none"> we feel that limiting the scope of these changes to storage only sites create a disincentive for co-located generation investments, which we believe would be an unintended consequence of these change proposals. We feel that the working group could account for Co-located storage sites by taking into BSC modifications being worked through which may act as key enablers for this workgroup's considerations, question 13 outlines our thinking in this regard. The workgroup would need further time & cross code interactions to facilitate co-located storage arrangements. To align with the requirement for DNOs to provide 15 months' notice of changes to Use of System charges we feel that an April 2022 implementation date would be more practical to facilitate a more rounded solution for this change proposal. 	<p>Noted that this respondent is not supportive of the proposed implementation date of 01 April 2021 and suggested that "an April 2022 implementation date would be more practical to facilitate a more rounded solution for this change proposal."</p> <p>The Working Group note that as was clearly set out by the Proposer of this change it was their intention that the scope of the change should be limited to standalone storage facilities. We would expect that any changes to address mixed sites could be progressed via the</p>

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			TCR and other future DCUSA change proposals if this was thought to be required. Further to this, the Proposers position on this is based on what they perceive as clear view from Ofgem's set out in their open letter that only standalone storage facilities should be included within the scope of this change.
Haven Power	Non-confidential	Yes	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
British Gas	Non-confidential	Yes	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
npower	Non-confidential	We are comfortable with the proposed implementation date of April 2021. As there are so few of these sites at the current time we believe that this would not have a material impact on forecasts for 21/22 tariffs which have already been priced to customers.	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
Smartest Energy	Non-confidential	Yes	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
UK Power Reserve Ltd	Non-confidential	Yes. Implementation should be as soon as possible.	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
The Greenspan Agency Limited	Non-confidential	Yes	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.

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Electricity North West Limited	Non-confidential	Yes, we can see no implementation issues with this change and this date would enable the next published set of DUoS charges to eliminate the identified distortion.	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No. We do not support these changes being introduced as a 'quick win' at this stage given the supporting principles are yet to be properly established and could yet change.	Noted that this respondent is not supportive of the proposed implementation date of 01 April 2021.
SP Distribution/SP Manweb	Non-confidential	Yes we are supportive of the proposed implementation date.	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
UK Power Networks	Non-confidential	Yes.	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
WPD	Non-confidential	Yes	Noted that this respondent is supportive of the proposed implementation date of 01 April 2021.
ELEXON Ltd	Non-confidential	DCP341 and DCP342 have no impacts on the BSC or BSCCo, so we have no strong views on the proposed implementation date. However, we recognise that April 2021 is considered to be the earliest date for implementation that gives DNOs and other parties the time to make necessary system changes and to adhere to the required 15 month notice of changes to charges.	Noted that this respondent had no strong views on the proposed implementation date of 01 April 2021.
Working Group Conclusions: The Working Group noted that ten of the thirteen respondents were supportive of the proposed implementation date of 01 April 2021. Of the remaining three, one had no strong views on the proposed implementation date and two were not supportive. One commented that this was due to the supporting principles not yet being properly established and that there is a chance that they could change in the future. The other raised concerns about sites that are co-located, however the Working Group note that the scope of the change is limited to standalone storage facilities. It is expected that any changes to address mixed/co-located sites will likely be progressed via the TCR and/or other DCUSA Change Proposals that could be raised in the future, if this was thought to be required.			

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Company	Confidential / Anonymous	Question 11: Do you have any comments on the draft legal text for DCP 341?	Working Group Comments
E.ON	Non-confidential	No Comments	Noted
Haven Power	Non-confidential	No	Noted
British Gas	Non-confidential	No	Noted
npower	Non-confidential	We have no comment of the draft legal text.	Noted
Smartest Energy	Non-confidential	No	Noted
UK Power Reserve Ltd	Non-confidential	No	Noted
The Greenspan Agency Limited	Non-confidential	No	Noted
Electricity North West Limited	Non-confidential	None	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No	Noted
SP Distribution/SP Manweb	Non-confidential	No comments.	Noted
UK Power Networks	Non-confidential	Only as mentioned in the response to Q3 that the term 'Standalone' relating to storage facilities needs to be clearly defined in the legal text.	Noted
WPD	Non-confidential	No	Noted
ELEXON Ltd	Non-confidential	-	
Working Group Conclusions: The Working Group note that no further comments were received with respect to the draft the legal text for DCP 341 except by one respondent who referred to their response on a previous question.			

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Company	Confidential / Anonymous	Question 12: Do you have any comments on the draft legal text for DCP 342?	Working Group Comments
E.ON	Non-confidential	No Comments	Noted
Haven Power	Non-confidential	No	Noted
British Gas	Non-confidential	No	Noted
npower	Non-confidential	We have no comment of the draft legal text.	Noted
Smartest Energy	Non-confidential	No	Noted
UK Power Reserve Ltd	Non-confidential	No	Noted
The Greenspan Agency Limited	Non-confidential	No,	Noted
Electricity North West Limited	Non-confidential	None	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No	Noted
SP Distribution/SP Manweb	Non-confidential	No comments.	Noted
UK Power Networks	Non-confidential	No.	Noted
WPD	Non-confidential	No	Noted
ELEXON Ltd	Non-confidential	-	
Working Group Conclusions: The Working Group note that no further comments were received with respect to the draft the legal text for DCP 342.			

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Company	Confidential / Anonymous	Question 13: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
E.ON	Non-confidential	<p>We feel that the following 2 BSC modifications could also act as enablers to facilitate co-located storage if expanded.</p> <ol style="list-style-type: none"> 1. P375 Settlement of Secondary BM Units using metering behind the site Boundary Point. It proposes to introduce meters installed at the generation asset not registered for settlement services to be used within TERRE & the Balancing Mechanism. The latest update suggests that this may form the basis of a new metering Code of Practice that will enable metering at a generation asset (as opposed to the DNO/customer boundary point) to be used within the settlement processes. 2. P379 Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting. This aims to amend market rules to develop non-traditional business models, innovation & enable peer to peer trading arrangements. Whilst the P379 solution is in its infancy, the solution could enable meter splitting that enables energy from storage sites to be separated from other forms of energy consumed where co-located storage sites exist. 	<p>The Working Group note the suggestions made by this respondent regarding:</p> <ul style="list-style-type: none"> • P375 ‘Settlement of Secondary BM Units using metering behind the site Boundary Point’; and • P379 ‘Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting’. <p>The Working Group are of the view that seeking to create contingencies for outcomes unknown, introduces both a level of uncertainty and the probable delay in implementing DCP 341 and DCP 342, which Ofgem are expecting to be with them for decision in August.</p>
Haven Power	Non-confidential	No	Noted
British Gas	Non-confidential	Not in addition to those already flagged in the consultation	Noted
npower	Non-confidential	We are aware that this may interact with the TCR/SCR but also note the direction from the Authority that these changes should be implanted as a quick win as part of the TCR/SCR ongoing work streams.	Noted the respondent’s views that as these have been raised at the direction of the Authority agrees with what has already been identified by the Working Group.

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Smartest Energy	Non-confidential	No	Noted
UK Power Reserve Ltd	Non-confidential	Other than Ofgem Charging Review, the CUSC, and BSC modification proposals, which were acknowledged by the WG discussions, we don't think there is any other work stream that would impact these CPs or be impacted by them.	Noted that the respondent agrees with what has already been identified by the Working Group.
The Greenspan Agency Limited	Non-confidential	No.	Noted
Electricity North West Limited	Non-confidential	None beyond those already identified by the working group, including the Ofgem TCR.	Noted that the respondent agrees with what has already been identified by the Working Group.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	As noted throughout our response, this change heavily interacts with the TCR. We note that DCP 341/342 have been brought forward outside of the TCR at Ofgem's request. Whilst this may be appropriate to achieve 'quick wins' in some areas, we do not think Ofgem has articulated the issue to be resolved sufficiently well for industry to be in a position to develop 'quick wins'. Without further clarity from Ofgem, we risk developing 'quick wins' which are contrary to, and so potentially reversed by, the final outcome of the TCR.	The Working Group noted that, although there is some sympathy with the respondent's views regarding the lack of clarity in the thinking in this area, and that further clarity from the Authority would be welcomed, the group has proceeded with a solution based on the information available to it.
SP Distribution/SP Manweb	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by this CP.	Noted
UK Power Networks	Non-confidential	These changes could have been picked up as part of the TCR and as a result all types of customers could have been fully considered. However as this has not happened as a result of progressing this separately, it is important that any changes from the TCR align to the solution being proposed from DCP341/342.	The Working Group note this respondents views related to the potential for the scope of the TCR to include storage within it, but as this is not the case, their belief is that what is being developed under the TCR should align to the solution being proposed from DCP341/342.
WPD	Non-confidential	The TCR may have an effect	The Working Group note that they are keenly aware that this may interact with

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			the TCR/SCR but also note the direction from the Authority was that these changes should be implanted as a quick win as part of the TCR/SCR ongoing work streams.
ELEXON Ltd	Non-confidential	<p>As highlighted above, DCP341 and DCP342 have been developed simultaneously with related CUSC and BSC modification proposals.</p> <p>We believe that ideally the DCUSA, CUSC and BSC modification proposals should be aligned to ensure consistency, which would increase regulatory certainty and avoid unintended consequences or perverse outcomes.</p> <p>We recognise that the CUSC, DCUSA and BSC modification proposals have converged but that there are still differences.</p> <p>In light of the limited time available to finalise solutions, particularly DCP341/342, without jeopardising an April 2021 implementation, we recognise that further alignment of the CUSC, DCUSA and BSC modification proposals may need to be progressed by subsequent industry code modifications. Such a modification would likely need to focus on aligning the certification/declaration processes and the criteria that determine eligibility for being excluded from certain network charges.</p> <p>Also, as noted above, we believe that the outcome of Ofgem's consultation on changes to the Generation Licence, progress of P375 and the TCR SCR will help to shape further changes that extend the application of these arrangements to more complex sites.</p>	<p>The Working Group noted that this respondent reiterated comments made against previous questions. Further to this, it was noted that that in light of the limited timescales needed to implement the CPs, the respondent recognised that further alignment of the CUSC, DCUSA and BSC modification proposals may need to be progressed by subsequent CPs. It was suggested that such CPs would likely need to focus on aligning the certification/declaration processes and the criteria that determine eligibility for being excluded from certain network charges.</p>
<p>Working Group Conclusions: The Working Group note that ten of the thirteen respondents were either not aware of any wider industry developments that may impact upon or be impacted by DCP 341/342 or were comfortable that there were none beyond those already picked up by the Working Group and set out in the consultation. Two respondents noted that consideration should be given to in progress BSC modifications which could also act as enablers to facilitate co-located storage and as well as aligning the certification/declaration processes and the criteria that determine eligibility for being excluded from certain network charges. Such modifications being:</p> <ul style="list-style-type: none"> • P375 'Settlement of Secondary BM Units using metering behind the site Boundary Point'; and 			

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- P379 'Enabling consumers to buy and sell electricity from/to multiple providers through Meter Splitting'.

The Working Group are of the view that seeking to create contingencies for outcomes unknown, introduces both a level of uncertainty and the probable delay in implementing DCP 341 and DCP 342, which Ofgem are expecting to be with them for decision in August.

The other respondent that provided further comments, reiterated previous comments made during a response to another question around the lack of clarity in the thinking in the area of residual charges and who they should be applicable to and when, and that further clarity from the Authority would be welcomed. The Working Group noted that, although they have some sympathy with the respondent's views the group has proceeded with a solution based on the information currently available to it.

Company	Confidential / Anonymous	Question 14: Do you have any other comments on either or both DCP 341 and DCP 342?	Working Group Comments
E.ON	Non-confidential	No further comments.	Noted
Haven Power	Non-confidential	No	Noted
British Gas	Non-confidential	No	Noted
npower	Non-confidential	We have no additional comments.	Noted
Smartest Energy	Non-confidential	No	Noted
UK Power Reserve Ltd	Non-confidential	No	Noted
The Greenspan Agency Limited	Non-confidential	No.	Noted
Electricity North West Limited	Non-confidential	No.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Not at this time.	Noted

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SP Distribution/SP Manweb	Non-confidential	No comments.	Noted
UK Power Networks	Non-confidential	No.	Noted
WPD	Non-confidential	No	Noted
ELEXON Ltd	Non-confidential	Further to our concerns over the rationale for limiting eligibility to CT metered storage facilities, we believe the workgroup should consider alternative modification proposals to both DCP341 and DCP342. These alternatives would mirror the approach proposed by CMP280 and CMP281 by only requiring that HH Settlement Metering Systems are used to measure the Imports and Exports at the storage facility. This would enable a wider range of storage facilities to be eligible for being excluded from DUOS residual charges, irrespective of whether they use CT or WC HH Metering Systems. We believe this approach would be more aligned with Ofgem and BEIS's overall policy intent.	<p>The Working Group note the concerns raised by the respondent and the suggestion that the Working Group should consider alternative CP to both DCPs 341/342. The respondent noted that these alternatives would mirror the approach proposed by CMP280 and CMP281 by only requiring that HH Settlement Metering Systems are used to measure the Imports and Exports at the storage facility.</p> <p>The Working Group highlighted that this would impact the limited timescales needed to implement the CPs on 01 April 2021 and would also require a member of the Working Group to support such an alternative.</p>
Working Group Conclusions: The Working Group note that one respondent had further comments with respect to DCP 341 and DCP 342, which was that they believe the workgroup should consider alternative modification proposals to both DCP341 and DCP342. These alternatives would mirror the approach proposed by CMP280 and CMP281 by only requiring that HH Settlement Metering Systems are used to measure the Imports and Exports at the storage facility. It was noted that this would impact the limited timescales needed to implement the CPs on 01 April 2021 and would also require a member of the Working Group to support such an alternative.			