

DCUSA DCP 206 CHANGE DECLARATION

VOTING END DATE: 14 APRIL 2015

DCP 206 - REMOVAL OF CHARGE 1 FROM THE EDCM	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	Reject	n/a	n/a	n/a	n/a
IMPLEMENTATION DATE	Reject	n/a	n/a	n/a	n/a
RECOMMENDATION	<p>Change Solution – Reject. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p>Implementation Date – Reject. In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in all Categories.</p>				
PART ONE / PART TWO	Part One – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				
Southern Electric Power	Reject	Reject	We do not think this DCP better	Although we can see the merit of

Distribution			facilitates the DCUSA charging objective 5, as the proposal intends to remove the future reinforcement cost element of the charge without putting forward a better alternative.	the proposal that by removing charge 1 from EDCM can simplify tariffs, increase consistency with generation charges, and improve stability in pricing, the drawback of this DCP is the lack of alternative solutions to deal with inclusion of future reinforcement costs in EDCM and the provision of locational tariff signals to customers. For these reasons we cannot accept this proposal.
Scottish Hydro Electric Power Distribution	Reject	Reject		
Electricity North West	Accept	Accept	We believe that general objective 2 and charging objectives 2 and 3 are better met by this proposal.	We agree with the general principle put forward by Ofgem during the structure of charges project that use of system charging methodologies should be forward looking. However, the practical implication of this in the EDCM, where customers are calculated on a site specific basis, is that some customers will be paying towards reinforcement that may never be needed. In addition if the customer drives the reinforcement they will be required to pay again in a customer contribution. On this basis, we think that the removal of the locational charge would increase the cost reflectiveness of the charges for EDCM customers.
Eastern Power Networks	Reject	Reject	We do not believe that this change better facilitates the DCUSA	n/a
London Power Networks	Reject	Reject		

South Eastern Power Networks	Reject	Reject	general or charging objectives. As discussed throughout the development of this change, under the current arrangements it is possible for customers to avoid consuming in the 'Super Red' period, and by doing so they would avoid any unit charges. However by removing the unit charge entirely as proposed by this change, this cost will be spread over all customers diluting the cost signal given by the current charges. We believe that instead of removing the unit rate entirely as proposed by DCP206 the development of an alternative unit rate that better facilitates the DCUSA objectives is considered.	
SP Distribution	Reject	Accept	n/a	If the proposed solution is accepted we would support the implementation date.
SP Manweb	Reject	Accept		
WPD East Midlands	Accept	Reject	Charging Objective 2 and 3 and General Objective 2	WPD believe that the implementation date of April 16 is achievable.
WPD West Midlands	Accept	Reject		
WPD South West	Accept	Reject		
WPD South Wales	Accept	Reject		
Northern Powergrid Northeast	Reject	Accept	We do not believe that either Charging or General Objective 2, are better met by this change. Whilst we accept some of the	None
Northern Powergrid Yorkshire	Reject	Accept		

			<p>arguments made within the change report, we feel that this change should have been part of the bigger EDCM review and consideration should have been and given to address the concerns that removing the unit rate completely, removes one of the signal that customers are able to react to.</p> <p>We agree that Charging Objective 3 could be better met; however we have concerns about being at odds with one of the economic principles of the EDCM which is to provide a forward looking cost signal based on future reinforcement and the potential reduction in cost reflectively which moves the income recovery into scaling.</p> <p>If approved this change will result in the removal of the unit based charge (the "super-red" rate) for EHV customers. This charge provides a targeted price signal which incentivises customers to reduce demand at system peak. The removal of this charge will reduce the cost reflectivity of the pricing signal and therefore result in less cost reflective prices</p>	
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IDNO PARTIES

n/a				
SUPPLIER PARTIES				
n/a				
DISTRIBUTED GENERATOR PARTIES				
n/a				
GAS SUPPLIER PARTIES				
n/a				