

**DCUSA DCP 150 Consultation Responses – Collated Comments**

<b>Question One</b>	<b>Do you understand the intent of the CP?</b>	<b>Working Group Comments</b>
Centrica (British Gas)	Yes	The Working Group noted that all respondents understood the intent of the CP.
Electricity North West	Yes	
Northern Powergrid	Yes	
npower	Yes	
ScottishPower Energy Retail	Yes	
SP Distribution/SP Manweb	Yes	
SSE Energy Supply Ltd	Yes	
UK Power Networks	Yes	
Western Power Distribution	Yes	
<b>Question Two</b>	<b>Are you supportive of the principles of the CP?</b>	<b>Working Group Comments</b>
Centrica (British Gas)	yes	Noted
Electricity North West	Yes we are supportive of the principles of this CP.	Noted

Northern Powergrid	No – We feel that to lock down all the inputs listed is a step too far and could potentially prevent/stifle development of the methodology.	<p>It was noted that this view had been discussed by the group at previous Working Group meetings. The group noted that all other respondents agreed with the principles of the CP.</p> <p>It was queried how the model could prevent development of the methodology itself. It was suggested that it could significantly increase the lead time to implement other changes, so there would still be development of the methodology but a significant time lag would be introduced.</p> <p>The group discussed how smart metering might impact this. It was suggested that the roll out of smart meters could potentially lead to a more simplified CDCM model in the future. In which case these inputs may no longer exist.</p>
npower	Yes	Noted
ScottishPower Energy Retail	Yes	Noted
SP Distribution/SP Manweb	Yes	Noted
SSE Energy Supply Ltd	Yes	Noted
UK Power Networks	Yes	Noted

Western Power Distribution	Yes	Noted
<b>Question Three</b>	<b>Do you consider that the proposal better facilitates the DCUSA Objectives? Please provide supporting information.</b>	<b>Working Group Comments</b>
Centrica (British Gas)	We agree with the working group assessment that General and Charging objective two better facilitates the DUCSA charging objective.	Noted
Electricity North West	We agree with the working groups assessment that DCUSA General Objective 2 and DCUSA Charging Objective 2 are better facilitated by this CP.	Noted
Northern Powergrid	<p>No we feel that there has already been significant change implemented, or is currently being developed, through recent change proposals relating to smoothing or locking down inputs into the charging models and providing more transparency of the inputs to the model which should provide more stability and understanding of future charges. For example:</p> <ul style="list-style-type: none"> <li>• DCP131 - Improving the Predictability and Transparency of CDCM Inputs;</li> <li>• DCP132 - Improving the transparency of CDCM Target Revenue;</li> <li>• DCP134 - Implementation of notice in DCUSA for changes to distribution time-bands</li> <li>• DCP135 - Clarification of CDCM Changes (which DNOs are implementing on a voluntary basis).</li> </ul> <p>Consideration also needs to be taken of Ofgem's recent decision in relation to measures to mitigate network charging volatility arising</p>	<p>It was noted that the respondent may be suggesting that the cumulative effect of all these CPs may be stifling innovation.</p> <p>SF took an action to discuss this response with the Ofgem representatives for DCP 131, 132, 134 and 135 and feed comments back to the DCP 150 Working Group.</p>

	from the price control settlement” which will introduce a number of measures to reduce tariff volatility (e.g. lagging incentive mechanism and restricting the frequency of intra-year charge).	
npower	DCUSA Charging Objective Two is better facilitated by this CP. The CP ensures increased stability and transparency within the Charging Methodology increases market confidence in the tariff setting regime and encourages competition by reducing price shocks for both new entrants and current participants.	Noted
ScottishPower Energy Retail	The proposal provides more transparency around changes to some of the inputs within the CDCM model. While this will not prevent volatility, it will make it more predictable. This increased transparency will promote effective competition between suppliers better facilitating CDCM and General Objective Two.	Noted
SP Distribution/SP Manweb	We agree that the proposal will provide more transparency of inputs into the charging model and therefore better facilitates Generation and Charging Objective two as identified by the working group. However, it will reduce cost reflectivity and therefore impact on Charging objective 3 and 4.	Noted
SSE Energy Supply Ltd	The reasons given in the consultation documents are correct.	Noted
UK Power Networks	Although charging objective two could be considered to be improved as a result of this change proposal, We believe that this change proposal actually moves the methodology away from being cost reflective, as it prevents the DNO from revising their model inputs if they should feel that change is appropriate.	<p>The group noted that, as with all the DCUSA changes that lock down the CDCM inputs, they reduce volatility but also reduce cost reflectivity.</p> <p>It was suggested that as customers contracts are locked down over a long period the cost reflective prices may not</p>

		<p>be seen by the end customer. Therefore, by reducing volatility it is more likely that the cost signals will be priced into customers contracts.</p> <p>It was noted that there is a balance to be struck between cost reflectivity and volatility.</p> <p>It was noted that the majority of these inputs historically do not change much. Therefore the impact of this CP will be less than others such as DCP 136 where traditionally the inputs have changed every year.</p>
Western Power Distribution	Yes, charging objective 2 and General Objective 2	Noted
<b>Question Four</b>	<b>Do you have any comments on the proposed legal text?</b>	<b>Working Group Comments</b>
Centrica (British Gas)	<p>In reference to 54A – There is nowhere else in Schedule 16 that makes references to table numbers and it seems appropriate to maintain that approach to avoid having to maintain an accurate cross reference between the CDCM model table numbers and the Schedule 16 text.</p> <p>Paragraph 28A (for diversity) takes this approach a similar approach should be applied to the other items as well; for instance</p> <p>Matrix of applicability of service models (an additional sentence/paragraph probably after para 35 or 37),</p> <p>Average kVAr by kVA, by network level (an additional sentence/paragraph after para 51),</p>	The Working Group agreed that this appears reasonable and agreed to update the legal text accordingly.

	<p>Proportion of relevant load going through 132kV/HV direct transformation (an additional sentence/paragraph maybe after para 25).</p> <p>In relation to the Network model GSP peak demand, we are not sure why this has been included since para 20 of Schedule 16 of DCUSA already mandates that this should be 500MW.</p>	
Electricity North West	No	Noted
Northern Powergrid	There is potential that locking down some of the inputs listed below will stifle development of the methodology over time. In particular, there is currently work on-going to develop a common 500MW model and service models. If the proposed inputs are locked down then any work carried out to improve these elements will have a significant time lag to implementation.	The group noted that they do not believe that the DCP 150 inputs have an impact on the 500 MW model. RT took an action to clarify the response with Northern Powergrid.
npower	No	Noted
ScottishPower Energy Retail	No.	Noted
SP Distribution/SP Manweb	None.	Noted
SSE Energy Supply Ltd	No.	Noted
UK Power Networks	<p>It needs to be clear on where notification of changes to these inputs should be published; the logical place being to add this would be the Annual Review Pack published in December of each year, as used for DCP136.</p> <p>It might also be worth considering whether including the CDCM table numbers and names in the legal text is the right approach, as this will need to be reviewed each time any changes are made to the</p>	<p>The Working Group noted that they had previously discussed where to publish this information and had asked this question as part of the DCP 150 consultation.</p> <p>The group agreed that CDCM table numbers should be removed from the</p>

	CDCM model. The working group might wish to consider any alternatives in order to avoid this.	legal text.
Western Power Distribution	No	Noted
<b>Question Five</b>	<b>The Working Group is concerned that the 15 month time period may be excessive and will prevent new data that becomes available from being used, which will reduce cost reflectivity. Do you agree with the working group's assessment? Please provide supporting comments.</b>	<b>Working Group Comments</b>
Centrica (British Gas)	<p>We consider the 15 month time period appropriate and consistent with other change proposals (Such as DCP136).</p> <p>A consistent approach should help to mitigate the need for additional workload on DNOs and the rest of the industry at varying time periods.</p>	Noted
Electricity North West	We do not consider a 15 month notice period to be excessive. A 15 month period will remove volatility but will keep the charges cost reflective.	Noted
Northern Powergrid	We agree with the working group's assessment that this could dilute the current level of cost reflectivity in the tariffs.	<p>The group noted that there needs to be a balance struck between cost reflectivity and volatility.</p> <p>The group noted that aligning notice periods would be preferable as it will reduce workloads by maintaining consistency.</p>
npower	Cost reflectivity would not be reduced, it would simply be applied with an appropriate time lag which would allow cost signals to be	Noted

	passed through to end users.	
ScottishPower Energy Retail	We sympathise with the concern that changes may occur which the DNO is unable to reflect in their charges until the notice period has elapsed. This could have the unintended consequence of exacerbating the impact of the change once implemented. It may be prudent therefore to consider whether a materiality threshold can be included above which changes can be made without the 15 month notice period.	<p>It was noted that this suggestion would go against the intent of the Change Proposal. The Working Group agreed that the bigger the change the greater the notice period preferred. It was noted that this needs to be balanced against the delay in cost reflectivity.</p> <p>It was noted that DCP 150 had been drafted to align with another CP (DCP 136). It was agreed that if DCP 136 were to be rejected it may be worth reviewing this timescales in this CP, subject to the reason for DCP 136 being rejected.</p>
SP Distribution/SP Manweb	We agree that a 15 month time period will prevent the latest data being used and therefore reduce cost reflectivity.	Noted
SSE Energy Supply Ltd	Yes	Noted
UK Power Networks	We do agree with these comments, and strongly believe that although applying a fifteen month notice period 'might' reduce volatility it will be against the DCUSA Charging Objective to ensure cost reflectivity. All change proposals need to improve cost reflectivity and this change does not do this.	Noted
Western Power Distribution	Yes, we agree. There's a balance between cost reflectivity and protecting end user's interests by stabilising prices. The tables in question are not usually updated on an annual basis.	Noted



Question Six	<p>The Working Group is concerned that to publish asset cost information 15 months in advance will require publication towards the end of December. It is recognised that this will be the same time as indicative DUoS charges are being prepared and published to Parties for the following April. This is already a busy time of year for DNOs and may significantly increase the risk of errors occurring in either the future asset costs or the indicative charges. Other options that could be considered are either a minimum of 12 or 18 months notice which are both away from any other pricing publications.</p> <ul style="list-style-type: none"> <li>• Do you agree with either of these proposed alternatives?</li> <li>• If yes, would this cause any foreseeable problems for fulfilment of the DCUSA objectives, or wider repercussions for the industry and consumers, that would be mitigated by having a 15 month period?</li> <li>• If you believe that 12 or 18 months are not suitable is there an alternative that you would suggest?</li> </ul>	Working Group Comments
Centrica (British Gas)	<p>We do not agree with either of the proposals. Furthermore we do not agree with the premise that there will be any extra resource required by DNOs at the time of tariff setting. DNOs currently update their forecast of these items each December. The effect of this change would simply be to ensure that the CDCM uses the forecast value provided in the previous years' ARP.</p>	Noted
Electricity North West	<p>This will increase the workload of the DNO at this time of year but publication with Indicatives is probably the best time to publish so therefore we believe a 15 month notice period is the most appropriate.</p>	Noted

Northern Powergrid	We do not agree that these inputs should be locked down.	Noted
npower	We would not support a notice period of less than 15 months	Noted
ScottishPower Energy Retail	<p>We believe that a 15 month notice period is appropriate and it is within the power of DNOs and Suppliers to ensure no errors are made.</p> <p>There are a number of other changes currently being assessed that also propose a 15 month notice period for notifying changes. There is a risk that introducing different notice periods for different inputs would itself be confusing and increase the risk of errors.</p>	The Working Group agreed that having consistent notice periods would be preferable.
SP Distribution/SP Manweb	<p>We agree that publishing notification of a change in December increases the workload of DNOs at an already very busy time.</p> <p>With regards to alternative notice periods, we believe 12 months notice would be more appropriate but consider an 18 month notice period too long.</p>	<p>It was noted that the proposed 15 months is in the middle of 12 and 18 months.</p> <p>It was noted that from a DNO perspective any piece of work that is not required for the publication of indicative prices is secondary in December. Forecasting volume for the following year would be additional work load at a very busy time.</p>
SSE Energy Supply Ltd	15 months notice would be preferable, but if this is impractical then 12 months notice would be acceptable.	Noted
UK Power Networks	We agree with the view shared in the working group that publishing towards the end of December will coincide with the calculation and publication of indicative tariffs. We believe that publishing this data twelve months in advance, (at the end of March) would be most appropriate, as it would move it from being published alongside	See response to SP distribution

	another significant piece of work, and would be more likely to pick up any changes which were not available at the time of publication of the indicative charges.	
Western Power Distribution	We are happy with 12, 15 or 18 months.	<p>The Working Group noted that the majority of respondents to this question felt that a 15 month period is appropriate. It was noted that this was consistent with other CPs therefore it would be useful to keep it at 15 months so long as this does not impact DNOs workloads too heavily.</p> <p>It was noted that there was concern from DNOs that this would bring the notice period in to December which is a busy time of the year already.</p> <p>It was suggested that if DCP 136 was not approved then it may be preferable for the DCP 150 notice period to be 12 months.</p>
<b>Question Seven</b>	<b>How do you think DNOs should provide notice of a change to the data identified within this consultation? Should it be consistent with DCP 136, and place the notification in the Annual Review Pack?</b>	<b>Working Group Comments</b>
Centrica (British Gas)	Agree	Noted
Electricity North West	Yes we believe that this should be consistent with DCP136.	Noted
Northern Powergrid	If this proposal is progressed then publication should be in the	Noted

	Annual Review Pack. The LC14 charging statement should not be utilised.	
npower	Yes	Noted
ScottishPower Energy Retail	It would seem logical to be consistent with other change notification, i.e. include within the Annual Review Pack.	Noted
SP Distribution/SP Manweb	Yes if 15 months notice is agreed, notification of change should be via the Annual Review Pack. However, this would not be appropriate if the notice period is either 12 or 18 months.	Noted
SSE Energy Supply Ltd	The Annual Review Pack should hold the new data values.	Noted
UK Power Networks	It makes sense to align it with other similar changes, such as DCP136. If we do not use the ARP then it will need to be a separate publication or within the LC14 Statement, neither of which seem appropriate for such a communication.	Noted
Western Power Distribution	We are happy to detail it in the ARP, however we think it would be helpful to suppliers to have a section in the LC14 statement listing any changes from DCPs 134, 136 or 150 and any others that may be agreed so that all these notices appear in one place in the LC14 statement.	<p>It was noted that the majority of respondents agree with publishing notice in the ARP.</p> <p>It was noted that a line could be added to the LC14 statement saying that forecast changes to these inputs are published in the ARP. This would be a static line that would not include the actual values.</p> <p>It was noted that the LC14 statement sits outside the governance process and</p>

		<p>any DNO could choose to add this information to their LC14 statement.</p> <p>It was agreed that the group should suggest that DNOs include words to this affect in their LC14 statements in the DCP 150 Change Report.</p>
Question Eight	Do you agree with the proposed implementation date?	Working Group Comments
Centrica (British Gas)	Agree	Noted
Electricity North West	Yes we agree with an implementation date of April 2014.	Noted
Northern Powergrid	If progressed April 2014 seems appropriate.	Noted
npower	Yes	Noted
ScottishPower Energy Retail	Yes.	Noted
SP Distribution/SP Manweb	Although we consider the change proposal will reduce cost-reflectivity, if approved we agree that the April 2014 implementation date is appropriate.	Noted
SSE Energy Supply Ltd	Yes	Noted
UK Power Networks	We believe that if agreed, then 1 April 2014 would be an appropriate implementation date.	Noted
Western Power Distribution	Yes	It was noted that all respondents agree with the proposed implementation date of 1 April 2014.

Question Nine	Do you have any other comments on DCP 150 that you feel the Working Group should consider?	Working Group Comments
Centrica (British Gas)	No	It was noted that there were no further comments.
Electricity North West	No	Noted
Northern Powergrid	None	Noted
npower	No	Noted
ScottishPower Energy Retail	None at this time.	Noted
SP Distribution/SP Manweb	None.	Noted
SSE Energy Supply Ltd	No	Noted
UK Power Networks	Not at this time.	Noted
Western Power Distribution	No	Noted