

DCP 340 COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	Q1: Do you understand the intent of DCP 340?	Working Group Comments
Electricity North West Limited	Non-confidential	Yes.	Noted
Haven Power	Non-confidential	Yes.	Noted
Leep Utilities	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes.	Noted
npower	Non-confidential	We understand the intent of DCP 340 to remove the requirement of 15 months' notice of DUoS charges only for the case of SoLR claims which breach the DNO's materiality threshold.	Noted
SP Distribution / SP Manweb	Non-confidential	Yes we understand the intent of DCP 340	Noted
UK Power Networks	Non-confidential	Yes.	Noted
Western Power Distribution	Non-confidential	Yes.	Noted

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Working Group Conclusions: The Working Group concluded that all respondents agree that they understood the intent of DCP 340.

Company	Confidential/ Anonymous	Q2: Are you supportive of the principles of DCP 340?	Working Group Comments
Electricity North West Limited	Non-confidential	Yes.	Noted
Haven Power	Non-confidential	Yes.	Noted
Leep Utilities	Non-confidential	Yes	Noted
Northern Powergrid	Non-confidential	Yes.	Noted
npower	Non-confidential	We are supportive of the principles of DCP 340 which removes the issues around SoLR claims requiring an OFGEM derogation for the DNO to not follow the DCUSA.	Noted
SP Distribution / SP Manweb	Non-confidential	Yes we are supportive of the principles of DCP 340	Noted
UK Power Networks	Non-confidential	Yes.	Noted

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Western Power Distribution	Non-confidential	Yes.	Noted
Working Group Conclusions: The Working Group concluded that all respondents were supportive of the principles of DCP 340.			

Company	Confidential/ Anonymous	Q3: Are you supportive of the proposed solution for DCP 340? Please provide your rationale.	Working Group Comments
Electricity North West Limited	Non-confidential	Yes. Although providing less notice of changes in tariffs is not desirable we believe it is unavoidable in the case of SoLR payment claims that breach the materiality threshold. It is therefore desirable to have arrangements in place to ensure that this can be achieved in an efficient and orderly manner.	Noted
Haven Power	Non-confidential	Yes, a more predictable timeframe for SOLR claims is beneficial to us as a Supplier.	Noted
Leep Utilities	Non-confidential	Yes – it seems logical that DCUSA reflect licence conditions and prevents procedural requests for recusal that will inevitably be granted.	Noted
Northern Powergrid	Non-confidential	<p>Yes. DCP340 is necessary to enable a DNO to efficiently discharge its licence obligations, once the relevant changes to the licence have been implemented, and to achieve this in line with the desired intent of the distribution licence changes.</p> <p>Efficiency will be achieved by amending Section 19 to introduce a conditional need for DNOs to not provide 15 months' notice of a change to use of system charges (and</p>	Noted

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		<p>14 months' for LDNOs) in the event that there is a breach of the Materiality Threshold in accordance with the new standard licence condition 38B '<i>Treatment of payment claims for last-resort supply where Valid Claim is received on or after 1 April 2019</i>' ('SLC38B'). This would only apply in exceptional circumstances, and in such circumstances would be generally in line with current DNO obligations in the event of any last resort supply payment claim.</p> <p>The desired intent will be achieved by amending Schedules 16, 17 and 18 to ensure that, in the event 15 months' notice is not provided by DNOs, changes to previously published use of system charges for that year reflect supplier of last resort pass-through costs only.</p> <p>DCP340 will maximise the notice period given by DNOs in the event of a breach of the Materiality Threshold. This will facilitate providing LDNOs with sufficient time to publish revised use of system charges. It will also enable Ofgem to include any revised charges in the calculation of electricity price caps.</p>	
npower	Non-confidential	We support the proposed solution to DCP 340.	Noted
SP Distribution / SP Manweb	Non-confidential	Yes we are supportive of the proposed solution for DCP 340	Noted
UK Power Networks	Non-confidential	Yes as this change removes a conflict between DCUSA and the licence when forthcoming changes are expected to take effect.	Noted

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Western Power Distribution	Non-confidential	Yes, the removal of the need to request a derogation from the 15 month notice period in the circumstances described by the change will help to maximise the notice period given by DNOs and LDNOs of a change to use of system charges.	Noted
Working Group Conclusions: The Working Group concluded that all respondents to the consultation were supportive of the solution for DCP 340.			

Company	Confidential/ Anonymous	Q4: Do you believe 40 days' notice is an adequate notice period for DNOs updating published Use of System Charges in the event of a LRSP Claim breaching the Materiality Threshold? Please provide your rationale.	Working Group Comments
Electricity North West Limited	Non-confidential	Yes, we believe so. We note the working group, which includes an IDNO member, has considered the consequential impacts on IDNOs is satisfied this period is adequate. We believe this period is adequate given we anticipate breaches of the materiality threshold would be rare and exceptional events.	Noted
Haven Power	Non-confidential	Whilst a longer notice period would be better for Suppliers we do recognise the balance that has been struck by the materiality threshold. Therefore, we are supportive of the minimum 40 day notice period.	Noted
Leep Utilities	Non-confidential	Yes – provided the data is issued directly by the DNO to LDNOs to give them the opportunity to amend their Charges.	Noted

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Northern Powergrid	Non-confidential	No, as this potentially does not leave an LDNO any time to publish its own revised use of system charges.	Noted The Working Group discussed this point and highlighted that the LDNOs would need to provide charges the same day that the DNO would need to and agreed that this would probably not be enough time.
npower	Non-confidential	We agree that 40 days' notice is an adequate notice period for the updating of published DUoS charges. The minimum notice period combined with the time required for LDNOs to recalculate tariffs should give sufficient notice to Suppliers.	Noted
SP Distribution / SP Manweb	Non-confidential	Yes we believe that 40 days' notice is adequate for DNOs to update their published UoS charges in the event of a LRSP Claim.	Noted
UK Power Networks	Non-confidential	Yes, as although the changes to charges are likely to be small to individual customers, they could be material to the DNO, as such we believe that 40 days strikes the right balance. It also aligns with the publication of other charges published by the DNO such as those on metering and miscellaneous charges, as a result these charges will be published at time when Suppliers are expecting to see revised charges from DNOs.	Noted
Western Power Distribution	Non-confidential	Yes, this is consistent with Clause 19.1B which specifies that notice period should be 40 days where the Authority directs the Company that the usual notice periods described in Clause 19.1A do not apply.	Noted

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Working Group Conclusions: The Working Group concluded that the majority of respondents agree that 40 days' notice is an adequate notice period for DNOs updating published Use of System Charges in this instance. However, one respondent highlighted that they did not believe this was adequate as it potentially does not leave an LDNO any time to publish its own revised Use of System charges. The Working Group agreed that the 40 days' notice would not provide sufficient time for the LDNOs to update their UoS charges.

Company	Confidential/ Anonymous	Q5: Is there an alternative approach that you believe the Working Group should consider? Please provide comments.	Working Group Comments
Electricity North West Limited	Non-confidential	No.	Noted
Haven Power	Non-confidential	No.	Noted
Leep Utilities	Non-confidential	None	Noted
Northern Powergrid	Non-confidential	<p>Yes. LDNOs are also required to provide 40 days' notice of a change in use of system charges. LDNOs should have the opportunity to change their charges if the host DNOs charges also change. If the DNO only provides 40 days' notice, the LDNO will be unable to publish revised charges within the required timescales.</p> <p>We believe that following DNO publication, 20 days should be sufficient for an LDNO to publish revised use of system charges. The 'worst case scenario' for notice periods occurs if a DNO receives a claim which breaches the materiality threshold on December 31st in a given year. Under this circumstance, there will be approximately 90 days (January</p>	<p>Noted</p> <p>The Working Group agreed with this approach and agreed to progress with the adjusted timescales.</p>

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		<p>1st to April 1st) between receipt of the claim and the date on which amended charges must come into effect. In order for LDNOs to have a 20 day period in from DNO publication prior to the 40 day deadline, a DNO will have approximately 30 days to publish revised use of system charges from receipt of a last resort supply payment claim which breaches the Materiality Threshold.</p> <p>The uneven apportionment of the time available is appropriate given the DNO has a more complex process to follow. The DNO must first determine whether the claim breaches the materiality threshold. It can then choose to treat a last resort supply payment claim which breaches the Materiality Threshold as if it has not, i.e. the costs would be recovered two years after the DNO has paid the supplier of last resort, so the DNO will need some time to decide how it wishes to treat the claim. By contrast, most LDNOs simply mirror the charge of the host DNO in order to comply with the LDNO's relative price control.</p> <p>In order to achieve this, DNOs could be required to publish by 1 February in any given year. This will provide 20 days' for LDNOs to publish revised use of use of system charges and provide 40 days' notice in doing so.</p>	
npower	Non-confidential	No.	Noted
SP Distribution / SP Manweb	Non-confidential	We are not aware of an alternative approach that the Working Group should consider.	Noted
UK Power Networks	Non-confidential	No, as we believe that the solution proposed is the correct approach.	Noted

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Western Power Distribution	Non-confidential	No.	Noted
Working Group Conclusions: The Working Group concluded that the majority of respondents do not believe that the Working Group should consider a different option. However, one respondent has suggested that the Working Group should consider obliging DNOs to publish by 01 February in any given year meaning that 20 days' notice is provided for LDNOs to publish revised Use of System Charges and provide 40 days' notice in doing so and the Working Group agreed that this would be the best route to take.			

Company	Confidential/ Anonymous	Q6: Do you have any comments on the proposed legal text for DCP 340? Please provide your rationale.	Working Group Comments
Electricity North West Limited	Non-confidential	No.	Noted
Haven Power	Non-confidential	No.	Noted
Leep Utilities	Non-confidential	None	Noted
Northern Powergrid	Non-confidential	<p>Changes are required to Section 19 Clause 19.1E if the working group decides that the notice period should differ for DNOs and LDNOs, e.g.:</p> <p><i>"Subject to Licence conditions dictating the date from which a change to Use of System Charges can take effect, <u>where the Company is a DNO Party acting within that DNO Party's Distribution Services Area</u>, the Company may vary the Use of System charges at any time by <u>1 February in any given year by</u> giving 40 days written notice to the User, where the</i></p>	Noted

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		<p>Company has given notice to the Authority under Condition 38B of its Distribution Licence, in respect of payment claims for last-resort supply where the aggregate value exceeds the nominal materiality threshold value. <u>Where the Company is an IDNO Party or a DNO Party acting outside of that DNO Party's Distribution Services Area, the Company may vary the Use of System charges at any time by giving 40 days written notice to the user, following a DNO Party having given notice to the Authority under Condition 38B of its Distribution Licence, in respect of payment claims for last-resort supply where the aggregate value exceeds the nominal materiality threshold value.</u> Such charges will be calculated in accordance with the provisions of the Relevant Charging Methodology, unless the Authority has consented otherwise."</p>	
npower	Non-confidential	We have no comments on the prosed legal text.	Noted
SP Distribution / SP Manweb	Non-confidential	No comments on the proposed legal text for DCP 340	Noted
UK Power Networks	Non-confidential	No, we are comfortable with the changes proposed.	Noted
Western Power Distribution	Non-confidential	No.	Noted
Working Group Conclusions: The Working Group confirmed that the majority of respondents did not have any comments on the proposed legal text and were happy with the current drafting. However, as the Working Group will be			

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progressing with Northern Powergrid's alternative approach, the legal text will be updated to reflect their suggested amendments.

Company	Confidential/ Anonymous	Q7: Which of the DCUSA Charging Objectives does this CP better facilitate? Please provide supporting comments.	Working Group Comments
Electricity North West Limited	Non-confidential	<p>We believe the proposed change better facilitates DCUSA Charging Objectives 4 and 6:</p> <p>4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business</p> <p>Because the changes proposed reflect changes to the Distribution Licence.</p> <p>6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration</p> <p>As the change provides a more efficient and certain route for dealing with materiality threshold breaches than would otherwise be the case.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 4 and 6</p>
Haven Power	Non-confidential	<p>We agree with the workgroup that Objectives 1 and 4 are better facilitated by this solution.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 1 and 4</p>
Leep Utilities	Non-confidential	<p>1 & 4 – improves efficiency including in recovery of costs.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 1 and 4</p>

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Northern Powergrid	Non-confidential	<p>As proposer of DCP340 our view remains that DCUSA charging objectives 1 and 4 are better facilitated.</p> <p>Charging objective 1 - better facilitated as it will improve efficiency in a DNO discharging its licence obligations and as the licence intends it to do so.</p> <p>Charging objective 4 - better facilitated by ensuring that a DNO can efficiently recover costs incurred at relatively short notice relating to the appointment of a supplier of last resort.</p> <p>We do not believe the other charging objectives are impacted.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 1 and 4</p>
npower	Non-confidential	<p>We agree with the working group that DCP 340 has a positive impact on DCUSA Charging Objectives 1.</p> <p>Charging Objective 1 – This will remove the requirement of the DNO to ask OFGEM for a derogation to not follow the DCUSA when implementing SOLR costs.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objective 1</p>
SP Distribution / SP Manweb	Non-confidential	<p>We agree with the Working Group that DCUSA Charging Objectives one and four will be better facilitated for the same reasons as given in the consultation.</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 1 and 4</p>
UK Power Networks	Non-confidential	<p>DCUSA Charging Objective one will be better facilitated by this change as it will assist the DNO discharging its licence obligations in SLC38B.</p> <p>DCUSA Charging Objective four will be better facilitated by this change by ensuring that a DNO can recover costs</p>	<p>Noted</p> <p>Support for DCUSA Charging Objectives 1 and 4</p>

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		incurred at relatively short notice relating to the appointment of a SoLR.	
Western Power Distribution	Non-confidential	Charging Objective 1, that it facilitates the discharge by DNOs of the obligations imposed on them by ensuring that that DNOs can recover Valid Claims in an efficient manner. Charging Objective 4, that it ensures DNOs can efficiently recover SOLR costs incurred at relatively short notice.	Noted Support for DCUSA Charging Objectives 1 and 4
Working Group Conclusions: The Working Group concluded that there was a mixed response to this question with seven respondents providing support for DCUSA Charging Objective 1, seven respondents providing support for DCUSA Charging Objective 4 and one respondent providing support for DCUSA Objective 6.			

Company	Confidential/ Anonymous	Q8: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
Electricity North West Limited	Non-confidential	No.	Noted
Haven Power	Non-confidential	No.	Noted
Leep Utilities	Non-confidential	None	Noted
Northern Powergrid	Non-confidential	No.	Noted

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npower	Non-confidential	We are aware of no other industry developments that may impact upon DCP 322.	Noted The Working Group noted that this responses should state DCP 340.
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	No nothing additional, only the licence changes which this change aligns with.	Noted
Western Power Distribution	Non-confidential	No.	Noted
Working Group Conclusions: The Working Group concluded that all respondents were not aware of any wider industry developments that the Working Group should consider.			

Company	Confidential/ Anonymous	Q9: The proposed implementation date for DCP 340 is 01 April 2020. Do you agree with the proposed implementation date?	Working Group Comments
Electricity North West Limited	Non-confidential	Yes.	Noted
Haven Power	Non-confidential	Yes.	Noted
Leep Utilities	Non-confidential	Yes	Noted

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Northern Powergrid	Non-confidential	Yes.	Noted
npower	Non-confidential	We agree with the proposed implementation date.	Noted
SP Distribution / SP Manweb	Non-confidential	Yes we agree with the proposed implementation date of 1 April 2020.	Noted
UK Power Networks	Non-confidential	We are comfortable with the proposed implementation date, however question whether an earlier implementation, such as 'effective with the next DCUSA release' might be more appropriate to allow for any additional and unexpected claim prior to April 2020.	Noted The Working Group noted that there will be no claims that will affect charges until April 2020 and the licence changes won't allow any updates to the charges before this date.
Western Power Distribution	Non-confidential	Yes.	Noted
Working Group Conclusions: The Working Group concluded that the majority of respondents were comfortable with an implementation date of 01 April 2020.			