

DCP 313 COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential / Anonymous	1. Do you believe that this CP should specifically cater for mixed sites? Please provide your rationale.	Working Group Comments
Electricity North West Limited	Non-confidential	Sites where there is a mix of generation types are likely to be an increasingly common feature of the industry as GB progresses towards decarbonisation and the implementation of a smart, flexible energy system. As a result it is necessary to consider mixed sites when looking at this area.	Noted
Flexible Generation Group	Non-confidential	<p>The FGG first want to say that they support the thinking behind the change and agree that the lack of transparency around the F factor, and the inconsistency between DNOs, is detrimental to competition in the market.</p> <p>The FGG support Option 1A to Option 1 as it better recognises that there is likely to be a growth in "mixed sites" notably with renewable energy source and batteries being co-located. While this feels like the most likely development, we believe that batteries may also be co-located with conventional plant and that new technologies will undoubtedly be forthcoming. So the more forward looking the EDCM can be the more robust it will be.</p>	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid	Non-confidential	<p>Yes.</p> <p>To not do so would risk the creation of 'cliff edge' boundaries, which create perverse incentives. For example, under Option 1, equivalent sites where the installed capacity of non-intermittent generation technology as a proportion of maximum export capacity is 49% or 50% respectively will see fundamentally different charges. This creates an incentive for generators close to the 50% level to agree a slightly lower maximum export capacity or install a small amount of additional non-intermittent generation. Such a change has little impact on the potential of a generator to offset</p>	<p>Noted</p> <p>The Working Group note that further work may be required in the future when industry start to see the number of mixed sites growing.</p>

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(Yorkshire) plc		<p>network reinforcement but a significant impact on the charges that generator will face.</p> <p>But given the request for information which the working group has carried out has identified that there are currently very few such sites, we think the working group should focus on reaching a simple and pragmatic solution to enable DCP 313 to progress, leaving open the option for a change to address wider issues associated with mixed sites in due course if the number of those sites were to increase.</p>	
SP Distribution & SP Manweb	Non-confidential	Yes.	Noted
UK Power Networks	Non-confidential	<p>We believe that the solution for this CP should cater for mixed sites. Increasingly as a DNO we are aware of sites being connected which are mixed (storage treated as non-intermittent, alongside other non-intermittent and intermittent generation plant) and we need to be mindful that in setting charges we must not unduly discriminate.</p> <p>Post connection, DNOs are often reliant on connectees advising of changes to embedded generation plant. Unless made aware by the connectee, DNOs would be unlikely to distinguish between different types of demand or generation and therefore use of metered volume should be the key driver of whether generation credits are paid and not solely based upon the generation type originally connected.</p>	<p>Noted</p> <p>The UKPN Working Group member explained that the number of examples that UKPN had were small. Other DNO Working Group members were unaware of any EDCM customer examples.</p>
UK Power Reserve Ltd.	Non-confidential	Yes. UK Power Reserve (UKPR) believes that this modification proposal should address the issue of mixed sites. Although mixed sites are currently limited in number, the distribution networks will	Noted

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		<p>have to deal with increased instances whereby intermittent and non-intermittent generation assets are co-located.</p> <p>The RFI requested by the Working Group has shown that there is no consistency among DNOs on how mixed sites are charged. Therefore, UKPR calls for consistency and widely-applicable rules on how Charge 1 credits should be calculated and allocated for this type of sites.</p>	
Welsh Power Group Limited	Non-confidential	Yes, although there may be few of these sites currently connected to the DNO's networks, there is much talk about combining storage and renewable plant in the future and it would be worth making the EDCM charging methodology robust to these plants now. It is for this reason that we consider option 1A preferable to option 1.	Noted
Western Power Distribution	Non-confidential	Yes although there are very few sites with both intermittent and non-intermittent generation now there are likely to be more in the future.	Noted
<p>Working Group Conclusions: The Working Group concluded that there was support from the industry to include mixed sites as part of this CP, however, there were some concerns that this may need to be revisited in the future when the number of mixed sites start to increase. See the outcome on this in Question 2 summary.</p>			

Company	Confidential / Anonymous	2. Are there any further implications of mixed sites on the solutions of this DCP which the Working Group have not addressed? Please provide your rationale.	Working Group Comments
Electricity North	Non-confidential	Under solution 1A, it is not entirely clear how the "installed capacity of non-intermittent generation" would be assessed, and what	The Working Group noted that DNOs may use their connection agreements to assess and process

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West Limited		<p>processes Network Operators would be required to undertake to validate this.</p> <p>Also, it is not clear that the level of installed capacity of non-intermittent generation as a proportion of total export capacity is a valid measure of the actual impact of a site on the network. To illustrate this with an example; a site with some demand and both solar generation (intermittent) and a back-up diesel generator (rarely used but non-intermittent as the prime mover is available on demand) might have installed non-intermittent capacity equal to or greater than the total export capacity, but the customer might only ever use this non-intermittent capacity to meet its own behind-the-meter demand.</p>	<p>what would be determined as "installed capacity of non-intermittent generation".</p> <p>This corresponds to the responses to Q1 from NPG and UKPN, however, the Working Group are happy with catering for mixed sites in the interim until such a time when a further Change Proposal may be raised to cater for an increase in growth of mixed sites.</p>
Flexible Generation Group	Non-confidential	We have no issues to raise, but note the Working Group's thorough examination of the issues.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>We think the working group should seek to maintain the status quo link between the power flow modelling and the proportion eligible for charge one credits.</p> <p>Sites to which a non-zero F factor is assigned are assumed to export in the 'maximum demand scenario' (used to calculate charge one). These sites are also those which are eligible for charge one credits. We think this link should be maintained when considering mixed sites, i.e. the subset of generation technology on the site which is considered to be generating under the maximum demand scenario should be eligible for credits and the remainder should not.</p> <p>In order to apply such an approach rigorously, it would be necessary to identify exported units (kWh) which are generated by those installations which are considered to be generating in the</p>	<p>Noted</p> <p>The NPG Working Group member highlighted that they would be happy to progress with how the CP is currently drafted if the Working Group believe that the variant is too complex. However, it was noted that the example raised in ENWLs response to this question should be used for consideration in the future when more data is available.</p>

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		<p>maximum demand scenario separately from units which are generated by other installations on the same site. In reality, such an approach would require sub-metering within each site with mixed generation technologies – we do not consider this to be a practical or proportionate solution to the issue identified at this stage.</p> <p>The installed capacity which is assumed to be exporting in the maximum demand scenario as a percentage of the maximum export capacity of the site can be used as a reasonable proxy for the proportion of units generated by those installations which are considered to be generating in the maximum demand scenario. Hence if the super-red credit rate were reduced by this proportion but then applied to all units generated in the super-red period, the net result would be the same as only crediting those units generated by installations which are considered to be generating in the maximum demand scenario. This is a variant on the solution identified in option 1A, i.e. setting the proportion eligible to charge one credits as the installed capacity which is assumed to be exporting in the maximum demand scenario as a percentage of the maximum export capacity of the site. We think this should be applied to option 2B also.</p>	
SP Distribution & SP Manweb	Non-confidential	No	Noted
UK Power Networks	Non-confidential	No we do not believe anything further needs to be considered. We support the conclusions reached by the working group.	Noted
UK Power Reserve Ltd.	Non-confidential	UKPR is keen to stress once again the need to avoid the risk and the unintended consequences of an existing intermittent generation asset which is non-eligible for credits potentially becoming eligible	Noted

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		<p>following a review of the network connection due to the presence of batteries, for instance.</p> <p>Should this be allowed to happen, DNOs would also have to deal with the likely consequence of battery storage assets being displaced and located where they could benefit more from Use of System charges.</p> <p>Although the application of the LC14 statement (i.e. that the dominant technology determines whether the site is intermittent or non-intermittent) would favour simplicity and transparency, this approach does not seem to provide the appropriate solution for the issue stated above.</p>	
Welsh Power Group Limited	Non-confidential	Not that we can think of.	Noted
Western Power Distribution	Non-confidential	No	Noted
<p>Working Group Conclusions: The Working Group concluded that there was nothing further that they should consider at this time, however, once again, noted that there have been examples raised for further work to be done in the future when more mixed sites are connected to the network and industry can collect more data.</p>			

Company	Confidential / Anonymous	3. Which solution option do you support and why?	Working Group Comments
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<p>Electricity North West Limited</p>	<p>Non-confidential</p>	<p>We are not convinced that the proposed solutions directly address the concerns expressed in the consultation document and so do not support the proposed solutions.</p> <p>The expressed concerns are “lack of transparency and potential lack of commonality”. We believe there are more direct ways to address these concerns, by providing customers with details of their f-factor calculations and providing an industry forum where issues of interpretation can be discussed, and common approaches developed.</p> <p>Other than the solution 2B, we believe the proposed solutions are not aligned to the current engineering standards and are therefore ultimately less cost reflective. On this basis of the available options we would support 2B.</p> <p>However, it is unclear that solution 2B is an improvement on the existing situation. Currently Network Operators can consider location in the calculation of the f-factor if they consider that to be a relevant engineering consideration. It is unclear why excluding this from consideration is an improvement when evaluating the change against the DCUSA charging objectives.</p>	<p>Noted support of the status quo.</p> <p>The Working group responded to a similar comment on this as part of the first consultation indicating that providing the F Factor calculations and an industry forum can be done now without the need for change.</p> <p>The Working Group note the comment on not being aligned with engineering standards. It was stated that the engineering standards do not fully reflect every type of generation technology, and that the issue was raised because of the interpretation that some distributors are making which is reflected within some of the responses to this consultation document and that a simplified approach would provide improved transparency.</p>
<p>Flexible Generation Group</p>	<p>Non-confidential</p>	<p>Option 1A. This seems to have the benefit of transparency and simplicity, as well as being more forward looking.</p> <p>We recognise that technologies could be added as they are developed. However, Ofgem has indicated that it wants the Codes to generally be more flexible and involve a less onerous change process (for example by having greater self-governance). We would be concerned that Option 2B could require ongoing changes</p>	<p>Note support for Option 1A.</p>

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		<p>over time in a way that would add to governance work with probably limited benefit.</p>	
<p>Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc</p>	<p>Non-confidential</p>	<p>We strongly support option 2B, which presents the simplest solution to resolving the issue identified whilst improving the cost-reflectivity of charges calculated under the EDCM.</p> <p>Option 2B will result in DNOs determining the F factor based on whether each generator is sufficiently reliable to support the network at peak should the need arise. For some DNOs this differs from the status quo, where the F factor is being determined based on whether each generator is sufficiently reliable to support the network at peak and demand on that area of network is such that support is needed. We think the former is the correct approach (which Option 2B seeks to formalise), under which the DNO assesses the reliability of the generator when determining the inputs to its power flow model, with the power flow model itself then determining whether, and the extent to which, each generator can offset reinforcement.</p> <p>The legal text (schedule 17 clause 2.3 and schedule 18 clause 2.7 (a)) states:</p> <p><i>"Power flow analyses are performed on the Authorised Network Model. This is a representation of the DNO Party's EHV network...expected to exist and be operational in the Regulatory Year for which Use of System Charges are being calculated."</i></p> <p><i>"The modelled network should be based on the network expected to exist and be in operation in the Regulatory Year that Use of System Charges are being calculated for."</i></p> <p>Under maximum demand conditions, it is highly likely that generators will face strong incentives to generate (the wholesale price is likely to be higher than average and TNUoS credits may be available). Hence in order to accurately reflect power flows on the</p>	<p>Note support for Option 2B.</p>

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		<p>distribution network under the maximum demand scenario, it should be assumed that connected generators will generate to the extent to which they are (reliably) able. This is achieved under option 2B, with the F factor being calculated on a non-locational basis to determine the reliability of each generator’s output, and so their likely output in the maximum demand scenario.</p> <p>The power flow modelling can then more accurately determine if, and the extent to which, each generator can actually offset reinforcement. Those generators which are sufficiently reliable to generate at peak and do offset reinforcement will be awarded appropriate credits.</p> <p>Whilst presenting something of an improvement from the status quo by enabling generators to more confidently predict the likely charges they will face, neither option 1 nor 1A resolve the underlying issue, being the way in which F factors are assigned to generators. The removal of the link between F factor and proportion eligible for charge one credits undermines the validity of the outputs of the power flow modelling, and so will reduce cost-reflectivity.</p>	
SP Distribution & SP Manweb	Non-confidential	<p>Option 1A would be our preferred option</p> <p>We understand that both option 1 & 1A could potentially allow a non-intermittent generator to receive higher credits ‘if’ they were deemed not to support the network than if they were classified to support the network. Having spoken to our engineers we believe this is extremely unlikely, and would not expect this to situation to arise on our network, hence we would not consider this to be a material risk.</p>	<p>Note support for Option 1A.</p> <p>The Working Group highlighted the “extremely unlikely” event that a non-intermittent generator would receive higher credits if they were deemed not to support the network than if they were classified to support the network.</p>
UK Power Networks	Non-confidential	<p>The working group has put forward three options for consideration, each as detailed in the consultation has its own limitations. We</p>	<p>Note support for Option 1A.</p>

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		<p>believe that option 1A is the most appropriate to be taken forward although it is only a minor change from the status quo we do believe it is an improvement over the current arrangements.</p> <p>We have concerns with the other two options, in that option 1 introduces a cliff face where a generator could move from being eligible for credits if their MEC is 49% Non-Intermittent, but being not eligible if this was 50%. Whilst option 2B aligns very strongly to P2/6 however this only details a limited amount of current technologies and would require constant review and potentially updates to reflect changes to technology arrangements, P2/6 is also expected to be replaced in the coming months by P2/7.</p>	
<p>UK Power Reserve Ltd.</p>	<p>Non-confidential</p>	<p>UKPR supports Option 1A. We support a solution that represents an evolution of the original arrangements. As this issue was already under discussion in DCP 291, we would urge a swift progress of this modification proposal as transparency and consistent application of how to determine the eligibility of EDCM embedded generators is well overdue.</p> <p>Option 1A guarantees a consistent solution for all non-intermittent embedded generators, and would deliver the intent of DCP 313, which is to improve transparency by uniformly applying the current arrangements across all DNOs. EDCM embedded generators are calling for certainty around credit eligibility based on being non-intermittent or intermittent, therefore avoiding a sudden change in the expectations based on a subjective assessment and application of the F factor.</p> <p>We therefore support a separation of eligibility criteria for non-intermittent EDCM embedded generators from the site-specific assessment carried out to determine the F Factor.</p> <p>With regards to mixed sites, a non-binary approach represents a good solution for a more reflective eligibility for credits of the part of the technology that is non-intermittent.</p>	<p>Note support for Option 1A.</p>

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Welsh Power Group Limited	Non-confidential	<p>1A. We consider 1A to be a fairer version of option 1 and that option 1 has the benefit of greater transparency, simplicity and longevity than option 2B. We agree that it is important to ensure future technologies are not unfairly treated or presented with barriers to entry as would be the case for option 2B, which would require a CP every time a new technology is added to the F factor list or whenever P2/6 and ETR 130 is updated to ensure that technology was not unfairly advantaged or disadvantaged.</p> <p>Moreover we would point out that the F factor tables in ETR 130 are unsatisfactory in current form as they do not explicitly include solar generators (which are now numerous), nor generators using natural gas or diesel as the fuel. Use of this table is therefore already highly questionable.</p>	Note support for Option 1A.
Western Power Distribution	Non-confidential	Option 1A. Option 1 was the most popular from the first set of consultation responses. Option1A is an extension of option 1 which also addresses sites with both intermittent and non-intermittent generation.	Note support for Option 1A.
<p>Working Group Conclusions: The Working Group concluded that the majority of respondents have indicated their support for Option 1A to be progressed. The Working Group, except the Proposer, agreed that Option 1A should be taken forward to Change Report. The Proposer of the CP will make a decision on whether an alternative CP will be being raised.</p>			

Company	Confidential / Anonymous	4. Do you agree with the proposed solution for demand dominated sites? If not, please provide your rationale.	Working Group Comments
Electricity North West Limited	Non-confidential	Yes, we agree with this aspect of the proposal.	Noted.

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Flexible Generation Group	Non-confidential	Yes	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, this is a pragmatic solution to resolve a lack of clarity in the existing legal text.	Noted.
SP Distribution & SP Manweb	Non-confidential	Yes, if a site is capable of providing security of supply then it should be eligible to receive the charging benefits of this regardless of it being generation or demand dominated. We would expect the model flow analysis to include several additional sites for consideration, and this would change would result in an additional step in the data preparation.	Noted.
UK Power Networks	Non-confidential	Yes we agree with the solution proposed for demand dominated sites.	Noted.
UK Power Reserve Ltd.	Non-confidential	Yes.	Noted.
Welsh Power Group Limited	Non-confidential	Yes	Noted.

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Western Power Distribution	Non-confidential	Yes we agree with the solution for demand dominated sites which is required for Option 2A but probably not for Option 1 and Option 1A.	Noted. The WPD Working Group member highlighted that they agree with the solution for demand dominated sites for all three solution Options.
Working Group Conclusions: The Working Group concluded that all respondents to question four of the consultation document agreed with the proposed solution for demand dominated sites.			

Company	Confidential / Anonymous	5. Do you have any comments on all options of the proposed legal text?	Working Group Comments
Electricity North West Limited	Non-confidential	We think there is scope for an option that continues use of the f-factor as calculated by the DNO in accordance with the relevant engineering standards, including consideration of the location of the generation, but with provisions that enhance transparency and consistency of application. Customers could be provided with details of their f-factor calculation in a standard form, and an industry forum where issues of interpretation can be discussed could be established.	Noted. Please see Working Group comments to Q3.
Flexible Generation Group	Non-confidential	The legal text for Option 2B seems to need some clarification and if it is to be adopted it should be tightened up so it cannot be open to misinterpretation. It is vital that for parties reading the rules (be it the DNOs of the gencos) the rules must be clear.	Noted. The Working Group were unsure where the clarification was needed as it wasn't suggested as part of the response. Note, however that

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			<p>the Working Group are not progressing Option 2B subject to an alternative proposal being submitted.</p>
<p>Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc</p>	<p>Non-confidential</p>	<p>Option 1 – we think the new definitions of intermittent and non-intermittent generation included in schedules 17 and 18 should be modified either by removing the list of specific generation technologies mentioned, or by amending the text to state ‘These include but are not limited to...’</p> <p>Option 1A – we have some suggested amendments which are included as attachment one.</p> <p>Option 2B – as noted in response to question two, we think the definition of ‘proportion eligible for charge one credits’ should also be amended under this option to allow for a scenario in which part of a generator’s installed capacity is considered sufficiently reliable to support the network at peak and part is not (i.e. for mixed sites). We suggest</p> <p style="text-align: center;"><i>“the proportion eligible for charge 1 credits is set to the Connectee’s installed capacity which is considered sufficiently reliable to support the network at peak as a proportion of the Connectee’s Maximum Export Capacity”.</i></p> <p>For sites with a single generation technology this will align with the existing legal text (i.e. if the F factor is zero the proportional eligible for charge one credits will be zero; if the F factor is non-zero the proportional eligible for charge one credits will be one). For mixed sites, this will result in the proportion eligible for charge one credits reducing the super-red credit by a proxy for the proportion of units which are generated by installations which the DNO considers are sufficiently reliable to support the network should the need arise.</p>	<p>Noted.</p> <p>Option 1 is no longer being taken forward, following on from responses to Q3.</p> <p>There is an action on all Working Group members to review Option 1A draft legal text and therefore, comments and suggested amendments will be considered.</p> <p>The Proposer of the CP is considering raising Option 2B as an alternate CP and therefore, the legal text will be reviewed as part of that process.</p>

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SP Distribution & SP Manweb	Non- confidential	No	Noted.
UK Power Networks	Non- confidential	No.	Noted.
UK Power Reserve Ltd.	Non- confidential	<p>UKPR does not support Option 2B. Although this option has been taken forward by the Working Group, we believe it is based on an erroneous interpretation of the FGG response to the first consultation.</p> <p>The Working Group had concluded (without confirming with the respondent) that the solution to the problem of “subjective assessment and application of the F factor” would be provided by Option 2 (now further elaborated into Option 2B), when, actually, Option 1 and 1A would allow a clear and straightforward solution by separating eligibility criteria for non-intermittent EDCM embedded generators from the site-specific assessment carried out to determine the F Factor.</p> <p>In addition, we still believe that the implications, should Option 2B be implemented, would add unnecessary layers of complexity, uncertainty, and unfair playing field in determining the eligibility criteria. For one, this solution would still be reliant on Table 2-1 of the P2/6 Engineering Recommendation document, which is currently under review and the Authority’s decision has been delayed. Furthermore, the table lists only a limited number of technologies and relies on constant updates to reflect the technological advancement.</p> <p>Option 2B is not the appropriate way forward.</p>	<p>Noted.</p> <p>The Working Group recognise UKPRs view that Option 2B should not be taken forward.</p>
Welsh Power	Non- confidential	We have reviewed the legal text and are happy that options 1 and 1A cannot be misinterpreted.	Noted.

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Group Limited		<p>Option 2B seems ambiguous and option to interpretation. It is also not clear why para 5.36A in the FCP schedule (17) and para 5.32A in the LRIC schedule (18) are different. The FCP schedule seems particularly ambiguous and we think could be clarified to ensure that an F factor of 1 is assigned to any non-intermittent EDCM generator if it is capable of supporting the network, even if it is not currently needed for security of supply reasons. Given the deficiencies of the F factors tables (that do not explicitly include solar generators or natural gas- or diesel-fired generators at the moment), we also think it will be necessary to draft legal text to ensure that no misinterpretation is possible for these generators. In this case, we think the default position should be that intermittent generators without an F factor in ETR 130 are assigned an F factor of zero and non-intermittent generators without an F factor in ETR 130 are assigned an F factor of 1.</p> <p>Our preferred option is 1A and if this is implemented, our comments on the legal text for option 2B will not be relevant. However, if option 2B becomes preferred, we recommend the legal text is reviewed again and that written confirmation is sought from the DNOs that they will interpret it in the spirit of the CP.</p>	<p>The Working Group will review the misalignment between paragraph 5.36A (Schedule 17) and paragraph 5.32A (Schedule 18) if it is considered by a Working Group member as an alternative.</p>
Western Power Distribution	Non-confidential	No	Noted.
<p>Working Group Conclusions: The Working Group noted all responses to this question and agreed that they would re-review the legal text for Option 1A and consider all suggested amendments in their finalisation. If the Proposer of the CP decides to raise Option 2B as an alternate CP, this legal text will also be re-reviewed.</p>			

Company	Confidential / Anonymous	6. Which of the DCUSA Charging Objectives does this CP better facilitate? Please provide your supporting comments.	Working Group Comments
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Electricity North West Limited	Non-confidential	We believe there may be some negative impacts on cost reflectivity if the charging methodology does not continue to be aligned with the engineering standards that DNOs are required to follow in the management of their networks.	Note suggestion of a negative impact on cost reflectivity.
Flexible Generation Group	Non-confidential	<p>FGG do not agree that the CP negatively impacts Objective 3 (cost reflectivity). As far as we are aware there is only 1 DNO area highlighted where there would be an impact on its customers. FGG is aware that the EDCM sites in their southern region do <i>not</i> receive super red band credits despite positive Charge 1 values.</p> <p>One of our members has checked their generation register, SSEN have 33 non-intermittent EDCM generators connected to their network. FGG believes that these sites are helping to delay network reinforcements, saving customers from paying for network reinforcement charges. It is therefore incorrect to say that the change would result in customers paying increased future reinforcement costs that are not cost reflective. In fact the change would increase cost reflectivity.</p>	Note suggestion of a positive impact on DCUSA Objective 3.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>Objectives 1, 4, 5 and 6</p> <p>No impact</p> <p>Objective 2</p> <p>We think that all three options will have a positive impact on this objective by enabling generators to better predict the likely charges they will face. But we think option 2B facilitates this better than options 1 and 1A because option 2B addresses the underlying issue of the assignment of F factors and so resolves the issue at source.</p> <p>Objective 3</p>	Note suggestion of a positive impact for DCUSA Charging Objective 2 and a positive impact on DCUSA Charging Objective 3 if Option 2B is implemented or a negative impact if Option 1 or Option 1A is implemented.

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		<p>We think that option 2B will have a positive impact on this objective, whilst options 1 and 1A will have a slight negative impact.</p> <p>Option 2B – by improving the method by which F factors are assigned to generators, this option will result in the power flow modelling more accurately reflecting likely network conditions at peak demand in the charging year, with the outputs then more precisely reflecting the extent to which customers influence reinforcement costs. The determination of whether or not a generator offsets reinforcement on the network will be based on the outputs of the power flow modelling, rather than on the basis of a standalone assessment by the DNO. The improvement to the treatment of mixed sites will also result in more cost-reflective charges for these customers, where at present there is a risk of credits being overstated because a non-zero F factor has been set in respect of only a subset of the generator’s total generation capacity, but because a non-zero F factor has been assigned the proportion eligible for charge one credits is set to one.</p> <p>Options 1 and 1A – the removal of the link between the power flow modelling and proportion eligible for charge one credits will result in credits being assigned to some generators which are assumed not to export in the maximum demand scenario. As a result, credits will be over-stated as generation in the maximum demand scenario will be artificially low.</p>	
SP Distribution & SP Manweb	Non-confidential	Charging objective two would be better facilitated, due to improved transparency in the eligibility criteria for credits for non-intermittent generators.	Note suggestion of a positive impact on DCUSA Charging Objective 2.
UK Power Networks	Non-confidential	All three options would better facilitate charging objective two, option 1 and 1A as taken forward then would provide greater transparency of the process used by DNOs to determine credits, as	Note suggestion of a positive impact on DCUSA Charging Objective 2 and a small negative

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		<p>a result of divorcing the eligibility from the assessment undertaken to calculate the F Factor.</p> <p>Option 2B would also have a positive impact on charging objective two, by the assignment of the F Factor alongside the eligibility for credits.</p> <p>All three options have a small negative impact on charging objective three as a result of the possibility that generators deemed not to support the network could be awarded credits.</p>	<p>impact on DCUSA Charging Objective 3.</p>
UK Power Reserve Ltd.	Non-confidential	<p>UKPR believes that in addition to Principle n. 2 (identified by the Working Group), DCP 313 also facilitates:</p> <p>Principle n. 4: in the context of the transition from DNOs to DSOs, this modification would support network operators to meet the developments in their business. In their role as proactive parties on using and dispatching flexibility services, DSOs would benefit from a clear and standard approach when determining the eligible technologies.</p> <p>Principle n. 6: a harmonised approach in defining the eligibility criteria across DNOs will guarantee a more efficient implementation.</p> <p>We do not agree with the statement that this mod has a negative impact on Principle n. 3 as it is unlikely that non-intermittent embedded generators eligible for credits would not support the network. They would also contribute to delay network reinforcement.</p>	<p>Note suggestion of a positive impact on DCUSA Charging Objectives 2, 4 and 6.</p>
Welsh Power Group Limited	Non-confidential	<p>We strongly disagree that the CP negatively impacts objective 3 (cost reflectivity). Only 1 DNO area has highlighted that there would be an impact on its customers and this is Scottish and Southern Electricity Networks, who have 33 sites that would be affected. We know this from our experience of operating 3 non-</p>	<p>Note support of a positive impact on DCUSA Charging Objective 3.</p>

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		<p>intermittent EDCM sites in their southern region where we do <i>not</i> receive super red band credits despite positive charge 1 values.</p> <p>We have checked their generation register and SSEN <i>only have</i> 33 non-intermittent EDCM generators connected to their network. It is surely the case that some of these 33 facilities are helping to delay the requirement for network reinforcement, thereby avoiding customers paying network reinforcement charges and reducing costs to consumers.</p> <p>We therefore argue that to NOT make this change results in customers paying increased future reinforcement costs in SSEN's southern region that are not reflective and that making the change will improve cost reflectivity for customers. And accordingly, we recommend marking the impact of the CP as positive against objective 3 rather than negative.</p> <p>This CP would not be relevant without the growth of embedded generation and therefore we also think it has a positive impact on objective 4 (developments in DNO's distribution businesses). Moving away from referring to ETR 130 also removes the live issue of technologies that have now been widely installed (solar, natural gas generators and diesel generators) not having their own F factor in ETR 130. I.e. options 1 and 1A positively impact DCUSA charging objective 4 (but 2B does not).</p>	
Western Power Distribution	Non-confidential	WPD believes that DCUSA Charging Objective 2 is positively affected by the CP.	Note suggestion that there is a positive impact on DCUSA Charging Objective 2.
<p>Working Group Conclusions: The Working Group noted all responses to this question and highlighted that the Working Group view will be included within the DCP 313 Change Report.</p>			

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Company	Confidential / Anonymous	7. 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	Other than the SCR, which includes measures to consider the impact of changes such as this, no.	Noted.
Flexible Generation Group	Non-confidential	While Ofgem are carrying out reviews of DNO charges under its TCR and forward-looking charging reviews, we believe that it is important to implement this CP in the meantime. Where the DNOs find problems with their methodologies that impact competition and equitable treatment within the GB market then these should be corrected as a matter of urgency. In the longer term, implementation of Ofgem's changes will be more equitable if the DNOs are using the same baseline for charging.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Ofgem's 'Electricity Network Access and Forward-Looking Charging Review' significant code review (SCR) is undertaking a fundamental review of DUoS charging and so any CP which is looking at any element of use of system charging impacts on that SCR. But the SCR is not expected to introduce changes until April 2023, and we consider DCP 313 to be sufficiently well-progressed to merit being taken forward to a conclusion in order to enable the benefits to be realised for the intervening period between its implementation and the possible implementation of changes arising from the SCR.	Noted.
SP Distribution & SP Manweb	Non-confidential	No	Noted.

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UK Power Networks	Non-confidential	As a result of the SCR and TCR being launched by Ofgem, the charging methodologies are likely to look very different in the future, as a result it might be worth reviewing whether this change should be taken forward at this time, or whether the impact and understanding of the problem which DCP313 was raised to consider could be fed into the discussions as part of any SCR instead.	Noted. The UKPN Working Group member confirmed that their stance has now changed since a discussion was held at a recent Distribution Charging Methodologies Development Group (DCMDG) meeting and now believes that the CP should continue to be progressed.
UK Power Reserve Ltd.	Non-confidential	Option 1A should be implemented as soon as possible to allow for Ofgem's changes to the charging methodology to take place based on a commonly-shared and consistent approach among all DNOs.	Noted.
Welsh Power Group Limited	Non-confidential	As the working group will be aware, Ofgem have now launched their SCR on access and forward-looking charges. We consider that it is important to implement this CP in advance of the conclusions of the SCR because without it, changes proposed in the SCR will not flow thorough to embedded generators in SSEN's southern region and more generally could be inconsistently applied.	Noted.
Western Power Distribution	Non-confidential	No	Noted.
<p>Working Group Conclusions: The Working Group noted all responses to this question and agreed that although DCP 313 may have interaction with the ongoing SCR, the CP should continue to progress to completion as the solution could be applied for a couple of years before any changes are made via the SCR process.</p>			

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Company	Confidential / Anonymous	8. The proposed implementation date for DCP 313 is 01 April 2021. Do you agree with the proposed implementation date?	Working Group Comments
Electricity North West Limited	Non-confidential	There are no issues with the proposed implementation date.	Noted.
Flexible Generation Group	Non-confidential	Implementation by April 2021 looks possible, given the material impact on only one DNO, albeit others will need to update their charging statements.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes. This is the earliest possible date for implementation, and we see no reason to delay beyond this date.	Noted.
SP Distribution & SP Manweb	Non-confidential	Yes	Noted.
UK Power Networks	Non-confidential	Yes, although as noted in response to Q7, whether it is sensible or practical to continue to progress DCP313 to an April 2021 implementation with the SCR also looking at similar timescales is something which the Working Group might wish to consider.	Noted.

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UK Power Reserve Ltd.	Non-confidential	Yes, 1 st April 2021 implementation is feasible.	Noted.
Welsh Power Group Limited	Non-confidential	Given the simple nature of the CP and the fact only 1 DNO is impacted, we consider that implementation in April 2020 should be possible, albeit we note that this will require the Use of System charging statements recently issued to be updated.	<p>Noted.</p> <p>The Working Group highlighted that to implement the CP in April 2020, the DNOs would require a derogation from the 15-month notice period that they are obliged to provide. Therefore, the Working Group agreed that the implementation date should be kept as 01 April 2021.</p>
Western Power Distribution	Non-confidential	Yes	Noted.
<p>Working Group Conclusions: The Working Group concluded that the majority of respondents were supportive of a 01 April 2021 implementation date for this CP.</p>			