

DCP 311 ‘Clarification of NUF cap and collar calculations’ combined Consultation responses

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 311?	Working Group comments
Electricity North West	Non-confidential	Yes.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes.	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes we understand the intent of DCP 311.	Noted.
WPD	Non-confidential	Yes	Noted.
<p>Summary of comments: All 5 respondents agreed that they understood the intent of DCP 311.</p>			

Company	Confidential/ Anonymous	2. Are you supportive of the principles of DCP 311? If not, why not?	Working Group comments
Electricity North West	Non-confidential	Yes.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes, the changes for the amended solution are in line with our understanding of the historical arrangements and the intent of DCP 138.	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes we are supportive of the principles of DCP 311.	Noted.
WPD	Non-confidential	Yes	Noted.
Summary of comments: All 5 respondents are supportive of the principles of DCP 311.			

Company	Confidential/ Anonymous	3. Are you aware of any reason why there is only a two-year jump between the charging years 2020/21 – 2022/23 and 2023/24 – 2025/26 instead of a three-	Working Group comments

		year jump which was introduced by DCP 138? If yes, then please provide your rationale.	
Electricity North West	Non-confidential	No, we are not aware of any reason for this.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No. We believe the additional lag introduced for 2023/24 charges has occurred as a result of a legal text drafting error introduced by DCP 138. We agree with the Working Group that this additional year lag should be removed.	Noted that the discrepancy may have resulted from legal text drafting error.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Not aware.	Noted.
SP Distribution and SP Manweb	Non-confidential	We are not aware of any reason why there is only a two-year jump between charging years 2020/21 – 2022/23 and 2023/24 – 2025/26 instead of a three-year jump which was introduced by DCP 138.	Noted.
WPD	Non-confidential	No	Noted.
<p>Summary of comments: No respondents are able to identify the reason behind why there is only a two-year jump between the charging years 2020/21 – 2022/23 and 2023/24 – 2025/26 instead of a three-year jump which was introduced by DCP 138. One respondent believes the error may have occurred as a result of a legal text drafting error introduced by DCP 138</p>			

Company	Confidential/ Anonymous	4. Do you agree with the Working Group decision to remove legal text clauses which relate to previous years (i.e. years up to and including charging year 2019/20)?	Working Group comments
Electricity North West	Non-confidential	Yes, we agree with this approach.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we believe this improves transparency in the legal text by removing clauses which are not relevant, whilst not compromising the transparency of legal text which was used for charges in previous years which remains available in previous versions of the DCUSA.	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	We agree that legal text clauses that relate to cap/collar NUFs in charging years up to 2019/20 should be removed from 1 st April 2020.	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group's decision to remove legal text clauses which relate to previous years.	Noted.
WPD	Non-confidential	Yes	Noted.
Summary of comments: Unanimous support from respondents to remove legal text clauses which relate to previous years.			

Company	Confidential/ Anonymous	5. Do you agree with the Working Group approach to implement an enduring solution in the legal text which doesn't refer to specific years?	Working Group comments
Electricity North West	Non-confidential	Yes, we agree with this aspect of the proposed solution.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we agree with this approach which aligns this area more closely to other areas of the legal text which continue in perpetuity unless a change is raised, rather than relying on a change being made at a defined point in the future as the current legal text would require.	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	We agree that the enduring solution is more effective, but believe that removing all references to the cap/collar used in the EDCM may be counterintuitive to trying to be as clear/transparent as possible in the methodology. This table would only require updating every three years when a new average of the previous charging years was calculated.	Working Group noted the issue raised and altered the legal text. Paragraph 18.8 in Schedule 17 and 18 now reads: <i>18.8. The NUF caps and collars that are updated in accordance with paragraphs 18.6 and 18.7 will be maintained by the DNO Parties and referenced within the EDCM user manual.</i>
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group's approach to implement an enduring solution in the legal text which doesn't refer to specific years.	Noted.
WPD	Non-confidential	Yes	Noted.
<p>Summary of comments: The Working Group noted there was one issue raised in the consultation responses. The Working Group agreed the insertion of new paragraph 18.8 in Schedule 17 and 18 which reads:</p>			

18.8. The NUF caps and collars that are updated in accordance with paragraphs 18.6 and 18.7 will be maintained by the DNO Parties and referenced within the EDCM user manual.

All other respondents were happy with the Working Group's approach.

Company	Confidential/ Anonymous	6. Do you agree with the overall solution proposed by the Working Group?	Working Group comments
Electricity North West	Non-confidential	Yes, we agree with the overall solution proposed.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we believe the solution developed by the Working Group appropriately resolves the defect identified.	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes apart from comments in answer 5. <i>Legal text added resulting from discussions from Q5</i>	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the overall solution proposed by the Working Group.	Noted.
WPD	Non-confidential	Yes	Noted.

Summary of comments: All 5 respondents were broadly supportive with the overall DCP 311 solution. The Working Group noted that one respondent had expressed concerns in their answer to question 5 which the Working Group have addressed.

Company	Confidential/ Anonymous	7. Do you consider that the proposal better facilitates the DCUSA charging objectives? Please give reasons to support your answer.	Working Group comments
Electricity North West	Non-confidential	<p>We agree with the working group assessment that the proposal better facilitates the following DCUSA charging objectives:</p> <p>Charging Objective One by ensuring that DNOs are able to comply with the legal text of the DCUSA;</p> <p>Charging Objective Three by removing an unnecessary year lag in the calculation of NUF caps and collars, and so ensure that the latest and most up to date available network data is used when setting charges; and</p> <p>Charging objective Six by ensuring that the legal text is unambiguous, and the calculation of caps and collars in 2018 for use in 2020/21 charges can be carried out efficiently.</p>	The respondent considers that DCP 311 better facilitates the DCUSA Charging Objective one, three and six.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>Yes. As the Proposer of this change, our view of the impact on the objectives and rationale remains unchanged from that presented in the change proposal; namely:</p> <p>Charging objective one will be better facilitated by ensuring that DNOs are able to comply with the legal text of the DCUSA.</p> <p>Charging objective two will not be impacted.</p> <p>Charging objective three will be better facilitated by removing an unnecessary year lag in the calculation of NUF caps and collars, ensuring that the latest and most up to date available network data is used when setting charges.</p>	<p>The respondent considers that DCP 311 better facilitates the DCUSA Charging Objective one, three and six.</p> <p>The respondent believes DCP 311 will have a neutral impact on Charging Objectives two, four and five.</p>

		<p>Charging objective four will not be impacted.</p> <p>Charging objective five will not be impacted.</p> <p>Charging objective six will be better facilitated by ensuring that the legal text is unambiguous, and the calculation of caps and collars in 2018 for use in 2020/21 charges can be carried out efficiently.</p>	
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Agree with the Working Group that there will be positive impacts to Objective 1 and 3.	The respondent considers that DCP 311 better facilitates the DCUSA Charging Objective one, and three.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the Working Group that the proposal better facilitates the DCUSA charging objectives, one, three and six.	The respondent considers that DCP 311 better facilitates the DCUSA Charging Objective one, three and six.
WPD	Non-confidential	Yes as it provides clarity.	The respondent considers that DCP 311 better facilitates the DCUSA Charging Objectives.
<p>Summary of comments: The Working Group noted that all respondents consider that DCP 311 better facilitates the DCUSA Charging Objectives. Four respondents believed DCP 311 better facilitated Charging Objectives one and three. Three repondees believed DCP 311 better facilitated Charging Objective six. And one respondent supported DCP 311 but gave no indication as to the Charging Objectives.</p>			

Company	Confidential/ Anonymous	8. Are you aware of any wider industry developments that may impact upon or be impacted by this Change Proposal?	Working Group comments
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Electricity North West	Non-confidential	None within the timescale of this change and in this same area.	Noted.
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No. Whilst this change is being implemented at a time of significant change in the industry (for example the Targeted Charging Review and work of the Charges Futures Forum Task Forces), the change is predominantly focussed on improving ambiguous legal drafting and so ensuring DNOs can maintain the status quo whilst also remaining DCUSA compliant. Hence we do not believe this change impacts on the more fundamental ongoing industry developments.	
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Not aware.	Noted.
SP Distribution and SP Manweb	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by this Change Proposal.	Noted.
WPD	Non-confidential	No	Noted.
Summary of comments: All respondents do not believe any wider industry developments, including the SCR and TCR, are impacted.			

Company	Confidential/ Anonymous	9. The proposed implementation date is 01 April 2020. Do you agree this is appropriate? If not, why not?	Working Group comments
Electricity North West	Non-confidential	Yes, this is the appropriate date as the charges set this year for 20/21 should reflect the proposed solution.	Noted.

Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, we agree with the proposed implementation approach.	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Power Distribution plc	Non-confidential	Yes.	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes we agree with the proposed implementation date of 1 April 2020.	Noted.
WPD	Non-confidential	Yes	Noted.
Summary of comments: Working Group noted unanimous support from respondents			

Company	Confidential/ Anonymous	10. Do you have any comments on the legal drafting?	Working Group comments
Electricity North West	Non-confidential	<p>The legal text states that the NUFs are calculated triennially, and states that the three year cycle was started in December 2015. We believe that the drafting could be refined so it is clear that the calculation doesn't need to be undertaken in December.</p> <p>Original proposed text</p>	<p>Working Group noted the comment and amended paragraph 18.6 to read:</p> <p><i>18.6. Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when</i></p>

		<p>18.6 Caps and collars are recalculated triennially, with the values used remaining at the most recently calculated values in years where the calculation is not carried out. The three year cycle was established when caps and collars were calculated when determining 2017/18 charges (in December 2015).</p> <p>Refined suggested text</p> <p>18.6 Caps and collars are recalculated triennially, with the values used remaining at the most recently calculated values in years where the calculation is not carried out. This three year cycle was established when caps and collars were calculated when determining 2017/18 charges (in 2015).</p>	<p><i>determining 2017/18 charges (in 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.</i></p>
<p>Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc</p>	<p>Non-confidential</p>	<p>We have one minor comment on the drafting of clause 18.6 which we believe could be clearer. We suggest:</p> <p><i>“Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in December 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.”</i></p> <p>For the avoidance of doubt, we are comfortable that both the original proposed legal text and this suggested redraft meet the intent of the change and do not leave room for interpretation and so would have no objection to the Working Group maintaining the original drafting, but we believe the suggested redraft is easier for the reader to follow.</p>	<p>Working Group noted the comment and amended paragraph 18.6 to read:</p> <p><i>18.6. Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.</i></p>
<p>Southern Electric Power Distribution plc and Scottish</p>	<p>Non-confidential</p>	<p>No apart from answer to question 5.</p>	<p>Noted</p>

Hydro Power Distribution plc			
SP Distribution and SP Manweb	Non-confidential	We have no comments on the legal drafting.	Noted.
WPD	Non-confidential	No	Noted.
<p>Summary of comments: Working Group noted the suggested changes to 18.6 in Schedule 17 and 18. The Working Group amended 18.6 to:</p> <p><i>18.6. Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.</i></p> <p>All other respondents were happy with DCP 311 legal text.</p>			