

DCUSA DCP 289 & 289A Consultation responses – collated comments

Company	Confidential/ Anonymous	1. Do you understand the intent of DCP 289?	Working Group Comments
British Gas	Non-confidential	Yes	
Electricity North West Limited	Choose an item.	Yes.	
ESP Electricity Ltd	Non-confidential	Yes.	
ESP Electricity Ltd	Non-confidential	Yes.	
Haven Power Ltd	Non-confidential	Yes	
Northern Powergrid Northeast and Yorkshire	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes we understand the intent of DCP 289	
The Electricity	Non-confidential	Yes	

Network Company Limited			
UK Power Networks	Non-confidential	Yes, we support an E2E process incorporating the raising, development and the decision on change proposals. DCP289 would see all elements of the charging methodology in a single place, creating a single efficient process.	
WPD	Non-confidential	yes	

Company	Confidential/ Anonymous	2. Do you understand the intent of DCP 289A?	Working Group Comments
British Gas	Non-confidential	Yes	
Electricity North West Limited	Choose an item.	Yes.	
ESP Electricity Ltd	Non-confidential	Yes.	
Haven Power Ltd	Non-confidential	Yes	
Northern Powergrid Northeast and Yorkshire	Non-confidential	Yes	

SP Distribution / SP Manweb	Non-confidential	Yes we understand the intent of DCP 289A	
The Electricity Network Company Limited	Non-confidential	Yes	
UK Power Networks	Non-confidential	No, we cannot understand or support a change which treats costs differently for the same area of work. DCP289A sees the costs relating to the development and raising of changes being treated differently (under DCMF and DCMF MIG), to costs relating to the ongoing development of a change proposal (taken forward as a DCP).	
WPD	Non-confidential	yes	

Company	Confidential/ Anonymous	3. Do you agree with the principle that these groups (DCMF, DCMF MIG and DCM) should be consolidated and brought under DCUSA?	Working Group Comments
British Gas	Non-confidential	We agree with the principle and that the consolidation is beneficial. The original modification, however, seeks to go beyond what is necessary to satisfy this principle. By changing funding arrangements, moving costs from DNOs to customers, it is unlikely that the DCP 289 is beneficial to customers overall. DCP 289A resolves this by only implementing the changes required for the consolidation.	

		<p>Bringing the DCMF and DCMF MIG under DCUSA should reduce fragmentation and improve accessibility of information relating to the development of changes to the charging methodologies. As the DCM is a DNO only group, there is no clear benefit in bringing it under DCUSA, but we have no strong objection to it being included within the scope of the new group.</p> <p>Our overall assessment is conditional on the funding for these groups continuing to be 100% funded by the DNOs. DNOs will have been funded through their price control for this activity and, whilst efficiencies should be achievable by bringing these groups under DCUSA, this should not be taken as an opportunity to change funding arrangements. To do so will result in customers paying twice (as supplier industry costs would increase with no full corresponding reduction in DNO allowed revenues).</p>	
Electricity North West Limited	Choose an item.	Yes.	
ESP Electricity Ltd	Non-confidential	<p>Yes. Consolidating the groups will ensure a more efficient approach to holding the monthly meetings and will see that all discussions related to DCUSA are concentrated into one session. This will mean:</p> <ul style="list-style-type: none"> • Party representatives spend less time and money travelling to all relevant monthly meetings; • Reduced potential for overlap or duplicated work across meetings; • Reduced administration costs associated with running multiple monthly meetings; and 	

		There's potential for more resources to be allocated from by Parties to attend/contribute to a single monthly meeting.	
Haven Power Ltd	Non-confidential	Yes	
Northern Powergrid Northeast and Yorkshire	Non-confidential	<p>We agree that as a minimum that DCMF MIG should be moved under DCUSA as this is where the majority of the discussions on the DUoS charging methodologies take place. We would expect DCUSA to put a more comprehensive pre-assessment process and timetable in place to ensure that any draft change proposal has the relevant level of review and detail prior to moving to the formal working group phase.</p> <p>We would prefer to see the DCMF retained as a wider stakeholder forum as we believe this forum has highlighted many potential issues over the years which would otherwise have gone under the radar. However we do see the benefit of having all charging related discussions covered by one group, but are concerned that in moving the DCMF under the DCUSA there may be a need in future to create a group that is able to facilitate discussion which the DCMF currently enables, and where we consider this will be out of scope of the new DCUSA Charging Methodology Development Group (DCMDG)(e.g.. general National Grid updates and presentations from stakeholders on innovation projects which do not directly impact use of system charges).</p> <p>As for the DCM we believe these are legitimate operational meetings which enable DNOs to have a common understanding of model population and enables open discussion to take place, particularly where there</p>	

		<p>have been changes to the methodology resulting in changes to the input to the models. It also helps to ensure consistency in the interpretation and application of any new requirements.</p> <p>One of the big benefits of moving these groups under the DCUSA will be the provision of independent chairs to ensure timely progression of changes.</p>	
SP Distribution / SP Manweb	Non-confidential	We agree with the principle however, we believe that the DCM should have been excluded from the group.	
The Electricity Network Company Limited	Non-confidential	We agree with the principle that all three groups should be consolidated into a single monthly meeting, and brought under DCUSA governance.	
UK Power Networks	Non-confidential	Yes we believe that these groups being brought together has many benefits to the wider industry, this will allow all parties to have structured support for all stages of an issue relating to charge setting, including the development and raising of the change proposal through until it is voted upon by the industry.	
WPD	Non-confidential	Bringing the DCMF and DCMF MIG seems to be a logical step forward. The DCM group is currently much more of an operational group so the benefits of moving that group aren't so clear, it may just be too much into the detail. Having said that we have no objection to it being moved as well.	

Company	Confidential/ Anonymous	4. Do you have any comments on the proposed legal text for DCP 289?	Working Group Comments
British Gas	Non-confidential	No	
Electricity North West Limited	Choose an item.	No.	
ESP Electricity Ltd	Non-confidential	No comments/observations.	
Haven Power Ltd	Non-confidential	No	
Northern Powergrid Northeast and Yorkshire	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments on the proposed legal text for DCP 289.	
The Electricity Network Company Limited	Non-confidential	None – however it should be noted that we do not support this DCP and therefore do not support the drafted legal text.	
The Electricity Network	Non-confidential	Clause 8.9 B.2 uses the same definition for 'TN' as 289. We believe that this should not include IDNO parties metering points, as the denominator should only include	

Company Limited		DNO parties' MPAN counts, rather than all electricity distribution licences. The current legal text would not recover 100% of the costs as the total DNO metering points would be lower than the total metering points, 'TN'.	
UK Power Networks	Non-confidential	No	
WPD	Non-confidential	No	

Company	Confidential/ Anonymous	5. Do Parties have a view on whether the DCMDG should be funded by all DCUSA Parties or by DNOs?	Working Group Comments
British Gas	Non-confidential	<p>It is clear that the DCMDG should be funded by DNOs only. We are unclear why DCP 289 was not raised on this basis, but instead introduced changes to funding arrangements that are not required to meet the stated purpose of the modification. Similarly, after these concerns were raised, we are disappointed the DCP 289 was not changed to reflect the concerns. No justification for the change in funding arrangements has been provided.</p> <p>For DCP 289 original, the consultation is clear on the following points:</p> <ul style="list-style-type: none"> • DNOs will have been provided an allowance on the basis of funding activities such as the DCMF, DCMF MIG and DCM. • Moving these groups into DCUSA will cause additional costs to be incurred by DCUSA 	

		<ul style="list-style-type: none"> • With costs spread across all DCUSA parties DNOs actual expenditure should therefore be less than the allowance • Suppliers, on the other hand, will see their industry costs increase • DNOs will keep a share of their observed cost reduction as profit until RIIO ED2 (April 2023). [the DNO profit share will range between 53% - 70%] <p>It is therefore clear that DCP289 original will result in customers paying more than they should. The increase in supplier industry costs will not be offset by a reduction in DNO allowed revenues as the majority of the reduction in DNO costs will be not be passed back to customers, but instead retained as profit by the DNO.</p> <p>At RIIO ED1 final determination Ofgem set out that <i>"It is more important than ever that network companies can show consumers that they are getting value for money and that charges are contained."</i> DCP289 original will lead to unjustified profits for DNOs at the expense of consumers.</p> <p>For DCP 289A, the above negative impacts on the consumer are removed without affecting the rewards (additional profit) which should be achievable by DNOs for the genuine efficiency savings which are to be expected by consolidating these 3 groups. The RIIO totex incentive should reward genuine efficiency savings, not revised industry funding arrangements.</p> <p><u>Impact on RIIO ED2</u></p>	
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Electricity North West Limited	Choose an item.	<p>The DCMDG is an open forum for the discussion of potential changes to the charging methodologies embedded within DCUSA. Although DNOs are individually and collectively responsible for the common methodologies as defined by the obligations in the distribution licence any DCUSA party and/ or stakeholder is able to seek clarity on the application of charging and propose changes to the charging methodologies under the DCUSA governance framework. Consequently, it would seem appropriate for the DCMDG to be funded collectively by all parties. We have an opportunity here to structure this new group, for the benefit of all parties, including what the Terms of Reference should be.</p>	
ESP Electricity Ltd	Non-confidential	<p>Distribution Services Providers have an obligation to review the CDCM to ensure that it continues to achieve the Relevant Objectives under its Licence Condition 13A.</p> <p>ESPE considers the DCMDG as a mechanism designed to support the review and development of the CDCM, so that it may continue to/better achieve the Relevant Objectives. As such, we consider the costs should be allocated to and recovered solely by DNO parties.</p>	

<p>Haven Power Ltd</p>	<p>Non-confidential</p>	<p>In our view the DCMDG should be funded 100% by DNOs. The activities of the DCMF, DCMF MIG and DCM assist DNOs in discharging their licence obligation to keep the charging methodology under review and are currently funded through DNO price control revenue allowances. We do not believe this proposal does anything to warrant a change in funding arrangements.</p>	
<p>Northern Powergrid Northeast and Yorkshire</p>	<p>Non-confidential</p>	<p>We believe that this group should be funded by all DCUSA parties. The proposer of the DCP 289A suggests - <i>It is the DNOs licence obligation to maintain the charging methodologies and therefore, similar to TRAS with suppliers, this should be funded by DNOs.</i> However, we believe that it is the obligation of DNOs to review the methodology annually and raise changes where necessary. This obligation does not mean that DNOs should fund the pre-assessment of all charging related changes that are submitted to the DCUSA.</p> <p>Any DCUSA party can raise a change to the DCUSA and they do not have to have carryout a detailed pre-assessment to help the working group to reach their conclusions. This results in a lot of time and resource being required by the working group to work up the change and come to a workable solution, this work is currently funded by all DCUSA parties.</p> <p>We see this as a complimentary process that could ultimately result in efficiencies within working groups, and as such the costs should be shared. We have been concerned where parties submitted changes stipulating that the issue has been discussed at the DCMF MIG, where in some cases this has been untrue and others</p>	

		<p>where the discussions are at odds with the decision to submit into the process.</p> <p>The proposer of DCP 289A also suggests that the DCMDG should be funded by DNOs only because DNOs have been funded through their price control for these activities, with the primary concern being that consumers would be adversely affected if DNOs recover costs via DUoS and then faced further charges reflecting a resulting increase in supplier costs.</p> <p>We do not dispute the premise of this argument to some extent, whereby DNOs base allowances will include an element of the funding for these activities, however it is very difficult to quantify and via the Annual Iteration Process within the Distribution Licence, any DNO cost savings would be shared with customers (suppliers) via the totex incentive mechanism and therefore subject to the IQI sharing factor – this would then be reflected in lower DUoS charges. It should also be noted that this would only be prevalent in the RIIO-ED1 period, and subsequent price control periods should not reflect a view of DNO costs which reflect the sole funding of the groups (some costs would be retained to represent their share).</p> <p>We do not consider that a short term and immaterial item, which would not, as the proposer of DCP 289A suggests, represent DNOs retaining all cost savings, should detract from the benefit and appropriateness of sharing costs between all DCUSA parties for the groups which are moved under the DCUSA.</p>	
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SP Distribution / SP Manweb	Non-confidential	We believe that the DCMDG should be funded by all DCUSA parties.	
The Electricity Network Company Limited	Non-confidential	We believe that the funding arrangements should remain as they are at present for all three groups. It is a DNO licence condition to maintain the methodologies, therefore other parties should not have to pay to facilitate this.	
UK Power Networks	Non-confidential	The work of the DCMDG will be for the benefit of the whole industry and ultimately customers in that it should assist all industry parties in having a more robust process to support changes to the charging methodologies, as such we support DCP289 and the costs being equally shared amongst parties.	
UK Power Networks	Non-confidential	DCP289A introduces inconsistencies between raising a change and the ongoing development of that change, as in the future all elements will be part of the open governance arrangements. Furthermore we have significant concerns that DCP289A is moving away from the standard DCUSA costing arrangements, and whether this sets a precedent for the future, and would likely see other changes where its believed only a particular sector of the industry is impacted, paying all those costs.	
WPD	Non-confidential	It would seem sensible for ED1 that as DNOs have the allowance for the expenditure that they continue to pay. It could be reviewed for ED2.	

Company	Confidential/ Anonymous	6. Do you have any comments on the proposed legal text for DCP 289A?	Working Group Comments
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British Gas	Non-confidential	No	
Electricity North West Limited	Choose an item.	We fundamentally disagree that the DCMDG is funded only by DNO parties, the basis of DCP 289A. Every DCUSA party is responsible for the efficient administration of the DCUSA agreement and signalling that costs should only be funded by one class of party removes this explicit link from other classes of party. DCP 289 has been proposed to benefit all parties by the provision of a single group which should help improve engagement and result in efficiencies, together with the output being more easily accessible through the DCUSA website. It is right and proper that costs be shared across all parties following the creation of the DCMDG and not look back to the cost sharing of historical groups, but look forward and find the most appropriate approach for the whole community.	
ESP Electricity Ltd	Non-confidential	No comments/observations.	
Haven Power Ltd	Non-confidential	No	
Northern Powergrid Northeast and Yorkshire	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments on the proposed legal text for DCP 289A	

The Electricity Network Company Limited	Non-confidential	Clause 8.9 B.2 uses the same definition for 'TN' as 289. We believe that this should not include IDNO parties metering points, as the denominator should only include DNO parties' MPAN counts, rather than all electricity distribution licences. The current legal text would not recover 100% of the costs as the total DNO metering points would be lower than the total metering points, 'TN'.	
UK Power Networks	Non-confidential	No	
WPD	Non-confidential	no	

Company	Confidential/ Anonymous	<p>7. Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.</p> <p>1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p>2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity</p>	Working Group Comments

		<p>3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p>4. The promotion of efficiency in the implementation and administration of this Agreement</p> <p>Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators</p>	
British Gas	Non-confidential	<p><u>DCP 289</u></p> <p>By consolidating the activities of the DCMF, DCMF MIG and DCM into the DCMDG, General Objective four will be better facilitated as it will reduce fragmentation and ensure that current discussions and debates relating to Use of System Charge setting will be open to all.</p> <p>However General Objective three will be adversely affected. DNOs have licence obligations to keep the charging methodology under review to ensure that it continues to achieve the Relevant Objectives. As is set out in the relevant terms of reference for the DCMF and the DCMF MIG, DNOs have used these groups to help fulfil this obligation. DNOs have also been provided with an allowance on the basis of funding the activities of the DCMF, DCMF MIG (and DCM) through the RIIO ED1 price control.</p>	

		<p>DCP 289 will result in customers paying twice for the activities being moved to the new group as supplier industry costs would increase with no full corresponding reduction in DNO allowed revenues. We do not believe that increasing costs for customers can be viewed as efficient.</p> <p>Additionally, there will be reduced ongoing incentive on DNOs to improve efficiency. This is because, by the moving costs from DNOs to customers, the level of costs subject the RIIO efficiency incentive is reduced.</p> <p>DCP289 therefore performs worse against the status quo for efficient discharge by the DNO Parties of obligations imposed upon them in their Distribution Licences.</p> <p><u>DCP 289A</u></p> <p>DNOs have licence obligations to keep the charging methodology under review to ensure that it continues to achieve the Relevant Objectives. As is set out in the relevant terms of reference for the DCMF and the DCMF MIG, DNOs have used these groups to help fulfil this obligation.</p> <p>DNOs have also been provided with an allowance on the basis of funding the activities of the DCMF, DCMF MIG (and DCM) through the RIIO ED1 price control.</p> <p>By consolidating the activities of these groups into the DCMDG, General Objectives three and four are better facilitated as a result of this change as it will reduce fragmentation and ensure that current discussions and debates relating to Use of System Charge setting will be open to all.</p>	
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Electricity North West Limited	Choose an item.	This CP better facilitates DCUSA General Objectives 3 and 4. General Objectives 3 and 4 are better facilitated as one forum	
ESP Electricity Ltd	Non-confidential	<p>While we believe that both DCPs facilitate DCUSA Objectives 3 and 4, our view is that DCP298A better facilitates these objectives.</p> <p>With respect to General Objective 3, DNOs are able to discharge their obligations under Licence Condition 13A through the use of the DCMDG. DCP289A ensures that the costs are defrayed and recovered by the Parties with the Licence Obligation to maintain the CDCM.</p> <p>With respect to General Objective 4, the DNOs' Charging Methodology (the CDCM) forms part of the DCUSA. A single monthly meeting represents improved efficiency with respect to the administration and implementation of DCUSA – not only reducing the costs DNOs face, but both CPs also reduce the complexity of the arrangements and other Parties' costs in monitoring and attending multiple meetings. This ultimately reduces the costs borne by consumers.</p>	
Haven Power Ltd	Non-confidential	Objectives 3 and 4 are facilitated – The CP should bring more coordination and transparency to activities resulting in improved efficiencies of both DNO/ IDNO obligations and the implementation of the DCUSA agreement. We would expect to see a reduction in resource, allowing modifications to be progressed more efficiently.	

Northern Powergrid Northeast and Yorkshire	Non-confidential	General Objective 4 - The promotion of efficiency in the implementation and administration of this Agreement. This objective will be better facilitated as a result of this change as it will ensure that current discussions and debates relating to Use of System charging will be open to all DCUSA parties.	
SP Distribution / SP Manweb	Non-confidential	We believe that DCUSA General Objective 4 is better facilitated.	
The Electricity Network Company Limited	Non-confidential	<p>We believe that DCUSA Objective 3 and 4 are better facilitated by DCP289A, whereas only DCUSA Objective 4 is better facilitated by DCP289.</p> <p>Due to the funding arrangements that are proposed in DCP289, we do not believe that it better facilitates DCUSA Objective 3.</p>	
UK Power Networks	Non-confidential	<p>DCP289 better facilitates general objectives 1, 3 & 4 as it will ensure that the discussions relating to Use of System charge setting will be visible, open to all interested parties, and the administration of the agreement will be efficiently dealt with.</p> <p>DCP289A has a negative impact on general objective 4 as the administration of the agreement will be compromised by the need to continually identify specific costs to be charged to DNOs, and other costs to all (in line with standard DCUSA arrangements).</p>	

WPD	Non-confidential	Objectives 3 and 4 are better met, for the reasons set out in the consultation	
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Company	Confidential/ Anonymous	8. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
British Gas	Non-confidential	No	
Electricity North West Limited	Choose an item.	Potential changes resulting from the work of the Charging Review Workstream under the ENA's TSO-DSO Working Group will be facilitated much more easily through this streamlined framework.	
ESP Electricity Ltd	Non-confidential	No.	
Haven Power Ltd	Non-confidential	No.	
Northern Powergrid Northeast and Yorkshire	Non-confidential	The DCMF MIG has reviewed the EDCM and are currently finalising their review of the CDCM. Should this group move under the DCUSA consideration needs to be given to the work already carried out should this proceed to DCUSA change proposals.	
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.	
The Electricity	Non-confidential	None	

Network Company Limited			
UK Power Networks	Non-confidential	No	
WPD	Non-confidential	no	

Company	Confidential/ Anonymous	9. Are there any alternative solutions or unintended consequences that should be considered by the Working Group?	Working Group Comments
British Gas	Non-confidential	The working group may wish to consider an alternative approach whereby an end date of 31 March 2023 is included in DCUSA for the sole funding of the DCMDG by DNOs. This would ensure that the funding included in DNOs price control agreements for RIIO ED1 is used for funding the DCMDG during RIIO ED1 but will provide certainty to DNOs and industry that the funding will be shared from RIIO ED2 and so can be captured in DNO Business Plans and in supplier cost forecasts.	
Electricity North West Limited	Choose an item.	No.	
ESP Electricity Ltd	Non-confidential	No.	
Haven Power Ltd	Non-confidential	Not that we are aware of.	

Northern Powergrid Northeast and Yorkshire	Non-confidential	As we stated above we see the potential for the DCMF being retained as a wider stakeholder forum as we believe this forum has highlighted many potential issues over the years' which would otherwise have gone under the radar. If this group is moved under DCUSA we would like to understand how wider industry developments are going to be covered.	
SP Distribution / SP Manweb	Non-confidential	We are not aware of any alternative solutions or unintended consequences that should be considered by the Working Group	
The Electricity Network Company Limited	Non-confidential	We would seek assurances that parties will retain the right to independently raise charging related DCPs outside of the DCMDG. We believe that it would be counterproductive such DCPs have to be passed through the DCMDG before they can be raised at the DCUSA Panel. We understand that the DCMDG Terms of Reference have not been drafted as of yet, but it is of our opinion that the remit of the new DCMDG should remain the same as the current DCMF/MIG/DCM meetings.	
UK Power Networks	Non-confidential	DCP289A introduces inconsistencies between raising a change and the ongoing development of that change, as in the future all elements will be part of the open governance arrangements. Furthermore we have significant concerns that DCP289A is moving away from the standard DCUSA costing arrangements, and whether this sets a precedent for the future, and would likely see other changes where its believed only a particular sector of the industry is impacted, paying all those costs.	
WPD	Non-confidential	no	

Company	Confidential/ Anonymous	10. The proposed implementation date for both variations (DCP 289/DCP289A) is 5 Working Days after Approval. Do you agree with the proposed implementation date?	Working Group Comments
British Gas	Non-confidential	Yes	
Electricity North West Limited	Choose an item.	Yes.	
ESP Electricity Ltd	Non-confidential	Yes.	
Haven Power Ltd	Non-confidential	Yes.	
Northern Powergrid Northeast and Yorkshire	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes we agree with the proposed implementation date.	
The Electricity Network Company Limited	Non-confidential	We agree with the proposed implementation date for both DCP289 and DCP289A.	
UK Power Networks	Non-confidential	Yes, this change should be implemented ASAP.	

WPD	Non-confidential	yes	
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