

DCUSA DCP 283 CHANGE DECLARATION**VOTING END DATE:** 26 JANUARY 2018

DCP 283 'THE CALCULATION OF GENERATION CREDITS IN THE CDCM'	WEIGHTED VOTING				
	DNO	IDNO/OTSO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	Reject	Reject	Accept	n/a	n/a
IMPLEMENTATION DATE	Reject	Reject	Accept	n/a	n/a
RECOMMENDATION	<p>Change Solution – Reject.</p> <p>For the majority of the Parties that were eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was <u>less</u> than 50%.</p> <p>Implementation Date – Reject.</p> <p>For the majority of the Parties that were eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was <u>less</u> than 50%.</p>				
PART ONE / PART TWO	Part One – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				
Electricity North West Limited	Reject	Accept	<p>None, the proposal is aimed at improving the cost reflectivity of the CDCM model (DCUSA Charging Objective 3) but in our view it does not achieve this.</p> <p>The change report states the proposer's view that generation allows further demand customers to connect without the need for reinforcement and therefore demand customers will need to make less or no customer contribution when they connect. Consequently, applying the customer contributions to credits for embedded generators reduces the cost reflectiveness of the credit that is provided under the CDCM.</p> <p>It is our view that this argument is incorrect for the following reasons:</p> <ul style="list-style-type: none"> • If generators connected reduce connection costs for new demand customers that are covered by contributions made by those demand customers then that is a cost saving that is realised by the connecting demand customer only: such savings do not constitute a cost incurred or expected to be incurred by the DNO Party in its Distribution Business and so should not be reflected in the Use of System charges. • As a consultation response in the change 	<p>We continue to work with the CFF groups that are looking at forward looking charges and other relevant issues.</p> <p>The timescales of this change and those groups overlap to a large extent.</p> <p>While we do not agree with the particular detail of this change, we are happy to continue to consider similar issues as part of the CFF industry groups where we believe there is a better opportunity to develop coordinated solutions to any issues in the charging methodologies that take full account of all developments in the industry.</p>

			<p>report states, there is limited evidence that generators do provide savings for new demand customers.</p> <ul style="list-style-type: none"> The suggested solution would result in a situation where all generators receive a credit for reducing connection costs for new demand customers irrespective of the extent to which this reduction in cost is realised. Any increase in generator credits is paid for by existing demand network users (recovered via scaling). To be clear, if generators connected reduce the level of customer contribution then this would be reflected already in the calculated customer contribution percentage and hence reflected in generator credits under the existing methodology. <p>Because of these reasons we believe the proposed solution is less cost reflective than the existing arrangements.</p> <p>If this change were to be accepted we believe the implementation date is acceptable.</p>	
SP Distribution Plc	Reject	Accept	We do not believe this change proposal better facilitates the DCUSA objectives, as we have not seen any evidence that the resultant tariffs are more cost reflective than those currently calculated under the existing methodology.	If the CP is approved we support the implementation date.
SP Manweb Plc	Reject	Accept		
Southern Electric Power Distribution	Reject	Reject	We do not believe that any of the DCUSA Charging Objectives are better facilitated.	Due to the significant numbers of exporting GSPs in the north of Scotland

plc				and the extent of network reinforcements being undertaken to accommodate generation rather than demand, a direct correlation of increased embedded generator capacity and reduced network costs has not been proven. Therefore, it is not appropriate in such circumstances to increase the levels of generation credits, particularly as these would be subsidised by increased charges for demand customers.
Scottish Hydro Electric Power Distribution plc	Reject	Reject		
Eastern Power Networks	Reject	Reject	<p>We do not believe that it has been demonstrated that any DCUSA objectives have been better facilitated by this change.</p> <p>Charging Objective two will be negatively impacted as we believe it does not better the allocation of cost / benefits to generators and therefore may distort competition.</p> <p>Charging Objective three will also be negatively impacted as we have seen no evidence that generation tariffs will be any more cost reflective as a result of this change. The proposal also does not consider that generators might also be causal to costs on the network and we believe that this would need further exploration before making changes.</p>	<p>We believe that the changes to the legal text need further work. In the legal text changes paragraph 31 has been revised, this paragraph is part of a section detailing how customer contributions are estimated and originally stated that generation would use the same estimates as demand values.</p> <p>However in paragraph 71 the text has been unchanged and still references 'customer proportion' in the calculation of the unit rate.</p> <p>We feel that this would cause confusion as our interpretation is that the customer contribution is still applied as the definition of 'customer proportion' does not differentiate between demand or generation contributions.</p>
London Power Networks	Reject	Reject		
South Eastern Power Networks	Reject	Reject		

WPD South West	Reject	Accept	The case hasn't been made sufficiently at this stage that any objective is better met.	It is noted from the Tariffs in the impact assessment that in a large number of cases the generation credit in the red period is greater than the demand charge in the red period which means DNOs could be paying out more to the generator than they receive from the demand customer which does not seem correct.
WPD South Wales	Reject	Accept		
WPD Mid East	Reject	Accept		
WPD Mid West	Reject	Accept		
Northern Powergrid (Northeast) Ltd	Reject	Reject	None.	We hope the work carried out by the DCP 283 Working Group (particularly on 'credits at the voltage of connection' which was ultimately de-scoped towards the end of the development of the change) can be taken forward in a wider industry review, for example the Forward Looking Charges Task Force under the Charging Futures Forum.
Northern Powergrid (Yorkshire) plc	Reject	Reject	We believe Charging Objective three is detrimentally impacted by DCP 283. We have seen no evidence that this change will result in more cost-reflective generation credits, and as a result the corresponding increase in demand tariffs is unjustified and less cost-reflective than the existing demand tariffs.	

IDNO/OTSO PARTIES

National Grid	Reject	Reject	I do not agree that Objectives 2 and 3 are better facilitated by this modification. The evidence presented does not create a strong enough argument and shows that certain parties will be impacted more than others and so creating a distortion. Also, there is not enough evidence to say that this solution better represents costs incurred by the DNO than the baseline.	This modification seems to be trying to accomplish the opposite of the outcome of CMP264/265 and so this would be creating a distortion and not levelling the playing field. This matter should be looked at holistically and possibly as part of the work being carried by the Charging Future Forum.
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SUPPLIER PARTIES				
E.ON Energy	Accept	Accept		
npower	Accept	Accept	2	n/a
F&S Energy Limited	Accept	Reject	DCUSA General objectives 2, DCUSA Charging Objectives 2 we would see point 2 allows effective competition in the market since the increase in generation reduces the need for substation use. I believe at the time the initial DCUSA methodology was written demand was predominate and therefore the requirement for the power to go through the substation was continuous. This has now changed. We believe the sub-station avoidance benefit should now be provided to the generators.	Implementation date should be 1st April 2019. The charging methodology requires changing only and is purely financial.

DISTRIBUTED GENERATOR PARTIES				
n/a				

GAS SUPPLIER PARTIES				
n/a				