

Company	Confidential/ Anonymous	1. Do you support the de-scoping of 'awarding credits to LV connected non-intermittent embedded generators at the voltage of connection' from the proposal?	Working Group Comments
Electricity North West	Non-confidential	Yes, this is sensible given the balance of evidence.	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No.  We feel the Working Group has done some good work on this area, and to de-scope this issue now would result in the wasting of the time and effort which has already gone into this. Whilst we have made it clear in previous responses that we do not believe credits should be awarded, the Working Group should continue with the work done to date, and reach a conclusion on this area to achieve some certainty going forward. This could then inform any wider review of distribution charges as we transition to a smarter, more flexible energy system.	<b>The Group agreed that this response should be reflected within the Change Report.</b>
Npower / Innogy	Non-confidential	Yes. We understand the reasons given for de-scoping this element, and we take no issue with this.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	Yes.	<b>Noted</b>
SmartestEnergy	Non-confidential	Yes. We are supportive of generation credits where they are seen to offset reinforcement and, overall, reduce costs to consumers by reducing the investment needed in the network.  Given the costly and regulated nature of Distribution revenues for consumers, if increasing the benefit actually reduces the network charges on a net basis then we are supportive.  However, further evidence needs to be provided to show what the costs to consumers would have been if network reinforcement were carried out. At the moment the proposal just looks like an increased cost to consumers.	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	Yes we support the de-scoping of 'awarding credits to LV connected non-intermittent embedded generators at the voltage of connection' from the proposal.	<b>Noted</b>

UK Power Networks	Non-confidential	Yes, we would agree with the view of the working group that this element of the change required further work, and even then was unlikely to identify the necessary evidence required to justify its continued consideration.	<b>Noted</b>
WPD	Non-confidential	The de-scoping of the change proposal allows one particular change rather than a few and therefore will give it more chance of succeeding.	<b>Noted</b>
ADE	Non-confidential	Yes, we agree with the de-scoping of the change proposal.	<b>Noted</b>
<b>The Working Group noted that all bar one respondent agreed with the view of the Working Group to de-scope 'awarding credits to LV connected non-intermittent embedded generators at the voltage of connection' from the proposal.</b>			

<b>Company</b>	<b>Confidential/ Anonymous</b>	<b>2. Should the customer contributions discount be excluded in the assessment of credits for embedded generators in the CDCM?</b>	<b>Working Group Comments</b>
Electricity North West	Non-confidential	<p>No. We believe that paragraph 3.3 of the consultation document outlines an argument that is inconsistent with the fundamental principles of the model. The credits given to generators in the methodology are based on the principle of the saving resulting from offsetting demand related costs. If demand customers make contributions that are taken into account in the calculation of their tariffs then the same contributions should be taken into account in the calculation of generator tariffs. The proposed change would result in generators receiving larger credits than the equivalent element of the demand tariffs.</p> <p>The principles of the model should be open to review but we feel that this particular change proposal is too narrow in scope to provide the comprehensive and balanced view of the changes required, which might also impact demand charges. The recent CDCM/EDCM review included some options that would address the same concerns in a more fundamental way. Our response to question three outlines this view in more detail.</p> <p>We appreciate the circumstances outlined in the consultation document where generators are directly responsible for the reduction of required reinforcement costs and the associated customers contributions may occur. However, in such cases there is no direct saving to the DNO in terms of</p>	<p><b>The Working Group noted the response and agreed to reflect it in Change Report.</b></p> <p><b>It was noted that the question that this response highlights is whether, UoS credits be used and/or instead of a connections cost benefits in the assessment of credits for embedded generators.</b></p>

		<p>avoiding network investment as any required network investment would've been covered by customer contributions anyway.</p> <p>Our view is that in the case of generators reducing customer contributions then the customer contribution percentage in the model already reflects the overall extent to which this occurs. The CDCM is an averaging methodology that produces charges that are uniform across the DNO distribution area. We do not believe adjusting customer contribution discounts in the calculation of generator tariffs below the region-wide average of customer contributions would improve cost reflectivity given the underlying principles of the model.</p> <p>As an illustration, the solution proposed would give increased credits to generators even for those costs that are covered 100% by customer contributions. This seems hard to justify and illustrates that the proposed solution is disproportionate to the benefit provided by generators.</p> <p>It may be the proposer's view that the current methodology's calculation of long run incremental cost understates the replacement costs that DNOs will ultimately incur for assets on its network, and therefore also understates the benefits provided by embedded generators. However, the proposed solution does not address this issue directly, and instead distorts the calculation of the benefits of generators on network construction or expansion investment.</p>	
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	<p>As stated in our previous consultation response, we have seen no evidence that the cost saving which embedded generators are being perceived to create is more accurately represented by the removal of customer contributions. This remains the case.</p> <p>Whilst we acknowledge that, when viewed in aggregate, embedded generators do create a more resilient network, we believe they are appropriately remunerated for this benefit through existing Use of System credits.</p>	<b>Noted</b>
Npower / Innogy	Non-confidential	Yes. We are supportive of this CP and would like to see it approved for implementation.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	No. Due to the significant numbers of exporting GSPs in the north of Scotland 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	<b>Noted, however the Working Group highlighted it is a demand led methodology and not</b>

		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.	<b>a generation led methodology.</b>
SmartestEnergy	Non-confidential	Yes. It occurs to us that arguments about generators increasing costs are more relevant in the realms of higher voltages.	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	No a consistent approach should be applied.	<b>Noted</b>
UK Power Networks	Non-confidential	<p>Customer Contributions relate to the assets which are local to customer connections and have been sized accordingly. The discounts determined and used in the CDCM models relate to an average of these contributions, and offsetting this local demand with generation is unlikely to avoid any reinforcement.</p> <p>As a result we do not believe that there has been sufficient demonstration at this time to justify an increase in the credits to generators. Further evidence that a clear benefit is being seen on the networks would be first required.</p>	<b>The Working Group note that the response suggests the need to evidence that a clear benefit is being seen on the networks prior to an increase in the credits to embedded generators.</b>
WPD	Non-confidential	The Customer contributions discount is included in the demand charge of the CDCM. The generation charge is the pre-scaled demand charge which assumes that by having the embedded generation the network usage from the GSP to the demand customer is reduced by the amount of the embedded generation. While it seems sensible that customer contributions by a demand customer should be excluded from a generation credits, this DCP may have the effect of a paying generation credits more than the cost they save to the network of reducing demand flowing through higher voltage levels.	<b>Noted</b>
ADE		<p>Yes, we believe that it is not appropriate to discount the demand charges by customer contributions when using them to derive credits for embedded generation.</p> <p>The CDCM is a forward-looking model and connecting embedded generators can enable future demand customers to connect without the customer or DNO incurring significant reinforcement. Embedded generators directly connected into the primary substation or lower down the network and offsetting the load at the primary substation can remove the need for reinforcement. The saving achieved is the total reinforcement cost, not the reinforcement cost less the customer contribution.</p>	<b>The Working Group noted that the last paragraph in this response is focussed on Flexible Systems and EVs.</b>

		<p>We recognise that the first generator that connects is the most valuable because it removes the immediate need to reinforce. However, subsequent generators connecting to the same network still add value. The connecting generation frees up capacity on existing assets, which can then be used by existing demand users to increase their consumption or for new demand customers to connect without driving reinforcement and therefore incurring high connection costs. All generation adds value in this way, except when connecting to a generation dominated area.</p> <p>Given that Ofgem sees the potential for demand to increase significantly in the future, freeing up capacity now helps protect against substantial reinforcement of the distribution network in the future if the increase in demand does materialise.</p>	
<p>The Working Group note that the responses are 6/3 against excluding the customer contributions discount from the assessment of credits for embedded generators and noted respondents concerns around the level of credits compared to the benefits embedded generators bring to networks.</p>			

Company	Confidential/ Anonymous	3. Do you believe that a wider review of credits for embedded generators is required before changes such as this can be progressed?	Working Group Comments
Electricity North West	Non-confidential	<p>The proposal relating to excluding customer contributions may illustrate that there are broader issues that should be looked at in the charging methodology before progressing changes such as this proposal.</p> <p>If there was greater confidence that demand charges fully reflected long term replacement, operation and maintenance costs as well as the costs relating to the construction of the network then we feel there would be less interest in considering the exclusion of customer contributions.</p> <p>Further, a charging methodology based upon a network model that includes the impact of generators in an integral way is one possible improvement in comparison to the current approach that considers generators to be negative demand, with charges that originate from a demand only distribution reinforcement model.</p> <p>Proposed approaches to addressing these underlying issues were included in the recent CDCM/EDCM Review document.</p> <p>We don't wish to prejudge the outcomes of industry processes but we would suggest that engagement in the ongoing process (Charging Futures Forum) will deliver a better methodology,</p>	Noted

		rather than piecemeal changes that are aimed mitigation of perceived shortcomings in the current methodology that do little to address any underlying fundamental issues with wider impacts.	
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes.  We believe the current method of calculating credits for embedded generators based simply on the negative of demand charges is outdated, hence why it is being looked at by the ongoing CDCM review. We do not think that changes such as this are appropriate until a more fundamental review has been undertaken, resulting in a more transparent and cost-reflective method of calculating generation credits which will then be subject to change through open governance.	<b>Noted</b>
Npower / Innogy	Non-confidential	No. We believe that this CP can be progressed to approval and implementation without further need for wider review of credits for embedded generators.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	Yes – the principle of CDCM generators receiving credits on the basis that networks are demand dominated needs to be reviewed.	<b>Noted</b>
SmartestEnergy	Non-confidential	We are not against a wider review, but this change seems sensible in itself and should be made. There is no guarantee of a further review.	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	Yes we believe that a wider review of credits for embedded generators is required before changes such as this can be progressed.	<b>Noted</b>
UK Power Networks	Non-confidential	We are supportive of a wider review. This change looks at one element within the methodology without considering whether a change of this nature is appropriate. This wider review we feel will take place as part of the work being considered under the Charging Futures Forum (CFF).	<b>Noted</b>
WPD	Non-confidential	This particular change does not require a wider review of credits for it to progress as the change proposal is now very specific. Although a wider review of credits for embedded generators should be progressed within the charging reviews.	<b>Noted</b>

ADE	Non-confidential	No, we believe that this change proposal is a standalone change, particularly now that it has been de-scoped, and should therefore be progressed through the DCDUSA change process. We accept that some areas of the DNOs networks are becoming generator dominated and that this may lead to DCP137 being resurrected, but that is a separate issue and should not impinge on bringing this change forward in a timely manner.	<b>Noted</b>
<b>The Working Group note that the responses are 5/4 for a wider review of credits for embedded generators before changes such as this can be progressed. The Working Group will draw out the comments/themes from the responses and will include these in the Change Report to highlight a balanced view.</b>			

<b>Company</b>	<b>Confidential/ Anonymous</b>	<b>4. Do you consider that the proposal better facilitates the DCUSA Charging Objectives? Please give supporting reasons.</b>	<b>Working Group Comments</b>
Electricity North West	Non-confidential	No, our reasoning is set out in our response to question 2.	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No, we believe this change would result in a detrimental impact against objective three.  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.	<b>Noted</b>
Npower / Innogy	Non-confidential	Yes. DCUSA Objectives 2 & 3. We have nothing further to add to the comments made by the proposer.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	As we not in support of this CP, we do not believe the DCUSA charging objectives are better facilitated.	<b>Noted</b>

SmartestEnergy	Non-confidential	Yes, it is clearly more economically efficient for the correct incentive to be given to the embedded generators. This makes for more cost reflective charging.	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	No.	<b>Noted</b>
UK Power Networks	Non-confidential	No we don't at this time, as mentioned in the response to Q2, generation does not always offset the need for reinforcement (especially local to connections) and as a result demand customers face paying for credits where no benefit is seen.	<b>Noted</b>
WPD	Non-confidential	WPD are undecided whether this proposal better facilitates the DCUSA charging objectives.	<b>Noted</b>
ADE	Non-confidential	<p>Yes. For the reasons in response to Question 2, the change will result in a more cost reflective charging regime which promotes competition and leads to the efficient scheduling of plant.</p> <p>It therefore better meets charging objectives two and three:</p> <p>2) that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)</p> <p>3) that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business</p>	<b>Noted</b>
<p>The Working Group note that the responses are 5/3 against and 1 undecided as to whether DCP 283 better facilitates the DCUSA Charging Objectives. It is also noted that only qualitative information has been provided and that no quantitative information was provided.</p>			

Company	Confidential/ Anonymous	5. Are you supportive of the proposed implementation date of 1 April 2020? Or is your preference 1 April 2019 and if so how can this be achieved? Please provide your rationale for either option.	Working Group Comments
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Electricity North West	Non-confidential	<p>Either date is acceptable providing the appropriate model and contract changes can be completed in good time for setting 1 April 2019 charges, which occurs during December 2017. This would seem to be challenging for the workgroup to achieve.</p> <p>The 1 April 2020 date would reduce any implementation risk.</p>	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Implementation on 1 April 2019 is no longer achievable. If implemented, 1 April 2020 is the earliest possible implementation date.	<b>Noted</b>
Npower / Innogy	Non-confidential	We are supportive of the implementation date of 1 April 2020.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	We are not supportive of this CP. However, 1 April 2020 would be the preferred of the two dates.	<b>Noted</b>
SmartestEnergy	Non-confidential	Our preference would be for April 2019 if this is achievable.	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	If the CP is approved then we support the implementation date of 1 April 2020.	<b>Noted</b>
UK Power Networks	Non-confidential	We do not believe that an implementation date of 1 April 2019 is now achievable. As a result this change can only now work towards implementation in 1 April 2020. The area which this change is considering should however be considered as part of a wider review of generation charges and not developed in isolation.	<b>Noted</b>

WPD	Non-confidential	The implementation date of April 2020 is more achievable.	<b>Noted</b>
ADE	Non-confidential	We prefer an implementation date of April 2019 if this is possible, but recognise that this may be difficult given that a decision by Ofgem is required in November 2017.	<b>Noted</b>
<b>The Working Group noted that the majority of responses were in favour of a 01 April 2020 implementation date. The Working Group agree that the implementation of DCP 283 should be pushed back to 01 April 2020.</b>			

<b>Company</b>	<b>Confidential/ Anonymous</b>	<b>6. Do you have any comments on the proposed legal text?</b>	<b>Working Group Comments</b>
Electricity North West	Non-confidential	No.	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No.	<b>Noted</b>
Npower / Innogy	Non-confidential	No.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	Not at this time.	<b>Noted</b>

## DCP 283 'THE CALCULATION OF GENERATION CREDITS IN THE CDCM' - SECOND CONSULTATION

## COLLATED RESPONSES

SmartestEnergy	Non-confidential	No	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	No comments.	<b>Noted</b>
UK Power Networks	Non-confidential	No we are comfortable that the changes are appropriate if this change was to be approved.	<b>Noted</b>
WPD	Non-confidential	No	<b>Noted</b>
ADE	Non-confidential	We have reviewed the legal text in the context of DCP283 and are happy with it. We have not participated in DCP243 so are unable to comment on this element.	<b>Noted</b>
<b>The Working Group noted that there were no comments from respondents with regards to the legal text and the Working Group agree that the text produced can be used as the version provided to the legal advisor and included in the change report.</b>			

<b>Company</b>	<b>Confidential/ Anonymous</b>	<b>7. Do you have any other comments on DCP 283?</b>	<b>Working Group Comments</b>
Electricity North West	Non-confidential	No.	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	As stated in response to question three, we do not believe this approach to changing generation credits is appropriate, and would like to see restraint on the raising of changes such as DCP283 to allow a limited number of industry experts with limited resource to focus on more fundamental reviews that better align to Ofgem and BEIS' visions.	<b>Noted</b>

Npower / Innogy	Non-confidential	No.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	Not at this time.	<b>Noted</b>
SmartestEnergy	Non-confidential	No	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	No comments.	<b>Noted</b>
UK Power Networks	Non-confidential	No	<b>Noted</b>
WPD	Non-confidential	No	<b>Noted</b>
ADE	Non-confidential	No	<b>Noted</b>
<b>The Working Group noted that only one respondent had any further comments and that the comment reiterated a response to an earlier question.</b>			

<b>Company</b>	<b>Confidential/Anonymous</b>	<b>8. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?</b>	<b>Working Group Comments</b>
Electricity North West	Non-confidential	None further, other than already mentioned in the response to Q3.	<b>Noted</b>
Northern Powergrid on behalf of Northern	Non-confidential	As stated in previous responses, wider developments on generation credits undertaken as part of the CDCM review will impact upon this CP, with potential for a new approach to the calculation of generation credits being developed.	<b>Noted</b>

Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc			
Npower / Innogy	Non-confidential	No. The CDCM/EDCM review and Ofgem's TCR/SCR have outlined their scope but have not set out specific actions to address that which is proposed in this CP.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	Not at this time.	<b>Noted</b>
SmartestEnergy	Non-confidential	No. The current Charging SCR does not currently envisage further changes to embedded benefits at this stage.	<b>Noted</b>
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 CP.	<b>Noted</b>
UK Power Networks	Non-confidential	As noted above in the response to Q3 we believe that a wider review of generation treatment should be covered through the CFF.	<b>Noted</b>
WPD	Non-confidential	DCP243 will have an impact on the change.	<b>Noted</b>
ADE	Non-confidential	The targeted charging review may impact on this area as the scope of the review appears to be very wide ranging. However, this should not prevent this change modification progressing as there remains substantive uncertainty about what will be covered under the review.	<b>Noted</b>
<b>The Working Group noted that the responses have highlighted respondents' views that the CDCM/EDCM review and the CFF work may impact this change.</b>			

<b>Company</b>	<b>Confidential/Anonymous</b>	<b>9. Are there any alternative solutions or unintended consequences that should be considered by the Working Group?</b>	<b>Working Group Comments</b>
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Electricity North West	Non-confidential	None identified.	<b>Noted</b>
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	No.	<b>Noted</b>
Npower / Innogy	Non-confidential	No.	<b>Noted</b>
Scottish & Southern Electricity Networks	Non-confidential	The single largest concern is the potential negative impacts (i.e. increased DUoS costs) for CDCM demand customers which would result from the implementation of this CP. We believe that this would be particularly significant in our north of Scotland DSA.	<b>The Working Group noted that this response reflects an earlier response and as such will be reflected in the Change Report.</b>
SmartestEnergy	Non-confidential	No	<b>Noted</b>
SP Distribution and SP Manweb	Non-confidential	None.	<b>Noted</b>
UK Power Networks	Non-confidential	Not that we are aware of.	<b>Noted</b>
WPD	Non-confidential	N/A	<b>Noted</b>

ADE	Non-confidential	No	Noted
The Working Group noted that only one respondent had any provided details of a potential unintended consequence and that the response reiterated a response to an earlier question and will be reflected in the Change Report.			