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| 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. |  |
| 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. |  |
| Npower / Innogy | Non-confidential | Yes. We understand the reasons given for de-scoping this element, and we take no issue with this. |  |
| Scottish & Southern Electricity Networks | Non-confidential | Yes. |  |
| 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. |  |
| 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. |  |
| 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. |  |
| 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. |  |
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| Company | Confidential/  Anonymous | 1. Should the customer contributions discount be excluded in the assessment of credits for embedded generators in the CDCM? | Working Group Comments |
| Electricity North West | Non-confidential | 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.  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.  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 avoiding network investment as any required network investment would’ve been covered by customer contributions anyway.  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.  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.  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. |  |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non-confidential | 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.  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. |  |
| Npower / Innogy | Non-confidential | Yes. We are supportive of this CP and would like to see it approved for implementation. |  |
| 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 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. |  |
| SmartestEnergy | Non-confidential | Yes. It occurs to us that arguments about generators increasing costs are more relevant in the realms of higher voltages. |  |
| SP Distribution and SP Manweb | Non-confidential | No a consistent approach should be applied. |  |
| UK Power Networks | Non-confidential | 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.  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. |  |
| 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. |  |
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| Company | Confidential/  Anonymous | 1. 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 | 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.  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.  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.  Proposed approaches to addressing these underlying issues were included in the recent CDCM/EDCM Review document.  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, 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. |  |
| 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. |  |
| 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. |  |
| 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. |  |
| 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. |  |
| 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). |  |
| 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. |  |
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| Company | Confidential/  Anonymous | 1. Do you consider that the proposal better facilitates the DCUSA Charging Objectives? Please give supporting reasons. | Working Group Comments | |
| Electricity North West | Non-confidential | No, our reasoning is set out in our response to question 2. |  | |
| 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. |  | |
| Npower / Innogy | Non-confidential | Yes. DCUSA Objectives 2 & 3. We have nothing further to add to the comments made by the proposer. |  | |
| 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. |  | |
| 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. |  | |
| SP Distribution and SP Manweb | Non-confidential | No. |  | |
| 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. |  | |
| WPD | Non-confidential | WPD are undecided whether this proposal better facilitates the DCUSA charging objectives. |  | |
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| Company | Confidential/  Anonymous | 1. 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 |
| Electricity North West | Non-confidential | 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.  The 1 April 2020 date would reduce any implementation risk. |  |
| 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. |  |
| Npower / Innogy | Non-confidential | We are supportive of the implementation date of 1 April 2020. |  |
| 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. |  |
| SmartestEnergy | Non-confidential | Our preference would be for April 2019 if this is achievable. |  |
| SP Distribution and SP Manweb | Non-confidential | If the CP is approved then we support the implementation date of 1 April 2020. |  |
| 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. |  |
| WPD | Non-confidential | The implementation date of April 2020 is more achievable. |  |
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| Company | Confidential/  Anonymous | 1. Do you have any comments on the proposed legal text? | Working Group Comments |
| Electricity North West | Non-confidential | No. |  |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non-confidential | No. |  |
| Npower / Innogy | Non-confidential | No. |  |
| Scottish & Southern Electricity Networks | Non-confidential | Not at this time. |  |
| SmartestEnergy | Non-confidential | No |  |
| SP Distribution and SP Manweb | Non-confidential | No comments. |  |
| UK Power Networks | Non-confidential | No we are comfortable that the changes are appropriate if this change was to be approved. |  |
| WPD | Non-confidential | No |  |
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| Company | Confidential/  Anonymous | 1. Do you have any other comments on DCP 283? | Working Group Comments |
| Electricity North West | Non-confidential | No. |  |
| 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. |  |
| Npower / Innogy | Non-confidential | No. |  |
| Scottish & Southern Electricity Networks | Non-confidential | Not at this time. |  |
| SmartestEnergy | Non-confidential | No |  |
| SP Distribution and SP Manweb | Non-confidential | No comments. |  |
| UK Power Networks | Non-confidential | No |  |
| WPD | Non-confidential | No |  |
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| Company | Confidential/  Anonymous | 1. Are you aware of any wider industry developments that may impact upon or be impacted by this CP? | Working Group Comments |
| Electricity North West | Non-confidential | None further, other than already mentioned in the response to Q3. |  |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | 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. |  |
| 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. |  |
| Scottish & Southern Electricity Networks | Non-confidential | Not at this time. |  |
| SmartestEnergy | Non-confidential | No. The current Charging SCR does not currently envisage further changes to embedded benefits at this stage. |  |
| 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. |  |
| 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. |  |
| WPD | Non-confidential | DCP243 will have an impact on the change. |  |
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| Company | Confidential/  Anonymous | 1. Are there any alternative solutions or unintended consequences that should be considered by the Working Group? | Working Group Comments |
| Electricity North West | Non-confidential | None identified. |  |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non-confidential | No. |  |
| Npower / Innogy | Non-confidential | No. |  |
| 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. |  |
| SmartestEnergy | Non-confidential | No |  |
| SP Distribution and SP Manweb | Non-confidential | None. |  |
| UK Power Networks | Non-confidential | Not that we are aware of. |  |
| WPD | Non-confidential | N/A |  |
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