



DCUSA Consultation

DCP 270 – Removal of HV Medium tariff from CDCM

DCP 270 seeks the removal of the HV Medium Non-domestic tariff and consideration of the removal of both the LV and LV Sub Medium Non Domestic tariffs from the CDCM.

This document presents a consultation for DCP 270 and invites all parties to respond on the proposed change by the **14 July 2016**.

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise DCUSA Change Proposals (DCPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority. More information is available at www.dcusa.co.uk.
- 1.2 This document is a consultation issued to all DCUSA Parties, interested third parties, and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 270 '*Removal of HV¹ Medium Tariff from CDCM*'.
- 1.3 Parties are invited to consider the points made in this consultation, together with the proposed legal drafting set out in Attachment 2 and submit comments using the response form provided as Attachment 1 to DCUSA@electralink.co.uk by **14 July 2016**.

2 BACKGROUND

- 2.1 During the development of the new tariffs to facilitate DCP 179 '*Amending the CDCM Tariff Structure*' it was agreed that because the HV Medium tariff is currently a preserved tariff for HV connected NHH traded customers, it should be removed from the Common Distribution Charging Methodology (CDCM).
- 2.2 The customer numbers reported in summer 2014 (DCP 179 workgroup) indicated that there were around 600 customers on this NHH tariff (out of a total of 25,500 HV customers (NHH and HH) nationally).
- 2.3 They were only identified to exist in some of the Distribution regions – Western Power Distribution (WPD) (x4), Scottish Power (SP) (x2), Electricity North West Ltd (ENWL) and Northern Powergrid (NPg) (x2).

¹ HV – High Voltage

2.4 As the HV Medium non-domestic tariff is already preserved and all new HV installations would need to be HH metered from day one, the numbers should not have increased.

- The existing sites should already have HH capability as the analysis shows them as having CT metering.
- As they are all identified as Profile Class (PC) 5-8, they should all have had advanced meters fitted (by March 2014 as required by supplier licence). However, there may still be some customers on the legacy meters.
- It is expected that during 2015-17 they will have migrated to HH trading.

2.5 The numbers for all three Medium Non-Domestic tariffs were refreshed under the Distribution Charging Methodologies Forum (DCMF) Methodology Issues Group (MIG) in March 2016 and acts as Attachment 4.

3 INTENT OF DCP 270 'REMOVAL OF HV MEDIUM TARIFF FROM CDCM'

3.1 DCP 270 has been raised by Northern Powergrid and seeks the removal of the HV Medium Non-domestic tariff and consideration of the removal of both the LV² and LV Sub Medium Non Domestic tariffs from the CDCM.

4 WORKING GROUP

4.1 The DCUSA Panel has established a DCP 270 Working Group which consists of DNO, Supplier, Consultant and Ofgem representatives.

5 WORKING GROUP ANALYSIS

5.1 The Working Group agreed that:

- the removal of the HV Medium Non-Domestic tariff should be prioritised; and
- the LV Medium Non-Domestic and LV Sub Medium Non-Domestic tariffs should also be removed. All these tariffs will become redundant once all PC 5-8 customers are migrated to HH settlement under the P272 *'Mandated Half Hourly Settlement for*

² LV – Low Voltage

Profile Classes 5 -8³ migration plans. The current timeframe for the migration to be completed is by the end of March 2017.

- 5.2 The tariff for HV connected NHH traded customers has been preserved for a number of years. Due to the relatively small number of these sites the Working Group agreed that these should be prioritised for migration prior to 1 April 2017. As a result, removing the tariff from April 2017 or 2018 should have no impact on existing Customers.
- 5.3 The Working Group agreed that even though there are more LV and LV Sub customers, they will all need to be moved.
- 5.4 In the event that there are some customers remaining on these tariffs by March 2018, the Working Group considered what the mechanism should be for moving customers from one of the existing CDCM tariffs '*LV Medium Non Domestic*', '*LV Sub Medium Non Domestic*' or '*HV Medium Non Domestic*' at the point in time that this change takes effect (proposed to be 1 April 2018). The Working Group agreed that where these customers have Whole Current (WC) Metering installed and they are connected at LV (LV or LV Sub) they will move onto the HH Aggregate '*LV Network Non Domestic Non CT*' tariff, but where they are Current Transformer (CT) Metered together with HH capable metering equipment they will move onto LV HH tariff or the LV Sub HH tariff, depending upon their point of connection.
- 5.5 HV customers should all move to the HV HH Metered tariff as they should all have CT Metering together with HH capable metering equipment installed. In a small number of exceptional circumstances, they could move onto the HH Aggregate '*LV Network Non Domestic Non CT*' tariff, but this would require agreement with the DNO. Alternatively, these remaining HV customers should move to a HV HH tariff, if there is some unlikely reason why a HH capable meter is not installed then they could still be moved on to the HV HH tariff and the HHDC would estimate data.
- 5.6 However as these existing three tariffs '*LV Medium Non Domestic*', '*LV Sub Medium Non Domestic*' and '*HV Medium Non Domestic*' are NHH and registered to Measurement Class (MC) 'A', it would require the Supplier to update the Metering Point Registration System

³ <https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/>

DCUSA Charging Objective 1

“that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence”

- 7.2 The Working Group believes DCUSA Charging Objective 1 is better facilitated as the HV Medium non-domestic, LV Medium non-domestic and LV Sub Medium non-domestic tariffs will no longer be required and it is therefore efficient to remove them from the methodology.

8 IMPLEMENTATION

- 8.1 The proposed implementation date for DCP 270 is the 01 April 2018.

9 CONSULTATION

- 9.1 The Working Group is seeking views on the questions below:

1. Do you understand the intent of DCP 270?
2. Are you supportive of the principles of DCP 270?
3. Do you have any comments on the proposed legal text?
4. Do you agree that the ‘*HV Medium Non Domestic*’ tariff should be removed from the CDCM? Please provide your rationale.

-
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)
 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
 4. that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party’s Distribution Business
 5. that compliance by each DNO Party with the Charging Methodologies facilitates 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.

5. Do you agree that the '*LV Medium Non Domestic*' and '*LV Sub Medium Non Domestic*' tariffs should be removed from the CDCM? Please provide your rationale.
6. Do you agree with the approach proposed for the migration of any remaining customers to the tariffs proposed in section 5 of this consultation?
7. Do you agree on the approach on assigning a '*default*' capacity value for these customers where they have migrated to a HH tariff where a capacity isn't already agreed? Please provide your rationale.
8. Suppliers - Do you see any issues in supporting the process which might involve changes to the metering equipment and updating the registration details for these MPANs in MPRS in a timely manner?
9. Which DCUSA Charging Objectives does the CP better facilitate? Please provide supporting comments.
 1. that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
 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)
 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
 4. that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
 5. that compliance by each DNO Party with the Charging Methodologies facilitates 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.

10. It is proposed that DCP 270 be implemented on the 01 April 2018. The rationale for this is that under BSC P272 all PC 5-8 customers with AMR metering installed should be moved by the end of March 2017 to HH settlement this proposal allows a further year to address any remaining customers who have not moved for whatever reason. Do you agree with the date that DCP 270 is to be implemented into the DCUSA?
 11. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
 12. Are there any alternative solutions or unintended consequences that should be considered by the Working Group?
- 9.2 Responses should be submitted using Attachment 1 to DCUSA@electralink.co.uk no later than **14 July 2016**.
- 9.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

10 NEXT STEPS

- 10.1 Responses to the Consultation will be reviewed by the DCP 270 Working Group. The Working Group will then determine the progression route for the DCP.
- 10.2 If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA Help Desk by e-mail to <mailto:dcusa@electralink.co.uk> or telephone 020 7432 3017.

11 ATTACHMENTS

Attachment 1 - DCP 270 Consultation Response Form

Attachment 2 - DCP 270 Draft Legal Text

Attachment 3 - DCP 270 Change Proposal

Attachment 4 – DCP 179 Consultation Attachment 9_Number of WC and CT Customers updated Spring 2016