

DCP 268 Collated Comments on the Updated CDCM Model and ARP

Company	Confidential?	Question One - Please find the CDCM Model incorporating the DCP 268 solution attached for your review and testing by the 26 September 2016
Power Data Associates		<p>It is not easy to get my head around the information presented. However, a couple of initial observations (which got longer as I looked deeper!):</p> <ul style="list-style-type: none"> • The high percentage swings make it appear there is a massive disturbance, although I don't think that is really the case. • The comparisons in "Impact revenue" are not very clear – the percentage changes should take account of the whole customer groups before and after. As an example the total UMS revenue before and after, when all added together varies from DNO from -0.29% in LPN to +4.52% in SHEPD. With the rest a smaller percentage increase. Considering the type of change, I think this a limited disturbance. • The disturbance of the HV Medium NHH customer is significant – That probably adds to my view that these customers are massively underpaying at the moment. As long as DCP270 proceeds in April 2018 then they will be irrelevant for DCP268. The customer numbers and energy are small and have immaterial impact on the overall revenue. • The example customers are probably not representative. I have not considered closely, but the typical non-domestic customer has much smaller consumption. I would prefer to see the average customer derived from the volume and MPAN count in the current models. These are an average customer for that tariff type. Rather than some arbitrary illustrative customer invented by someone. • It would be helpful to combine the before & after revenue by each of the customer groups, such as UMS A, B, C, D and HH compared with new UMS (which includes everything). This is the calculation I did above and the change is small. • Doing the same analysis for each DNO domestic tariff shows the revenue from domestic customers dropping by -7.27 in SHEPD to -0.66% in EPN. Again considering the level of change this is a relatively tight band. This is the total domestic group, but the reasons we discussed in Feb 2016 there may be a different impact for off peak tariff customers. • I have done the same for non-dom, which does highlight a couple of DNOs (WPD SWa & SHEPD) with a greater range, but others like EPN which is -0.3%. • For customer impact, taking a current average customer, e.g. non-dom unrestricted, who has a volume of x,000kWh then with this same volume but split in the average proportion of RAG using the new tariff rates,

		gives a comparable before/after revenue for this customer type. I think this would provide a more representative comparison than the “arbitrary” illustrative customers.
Western Power Distribution		We have tested the cdcn for one of our areas – the results look sensible, prices and revenues look similar for the 17/18 charging year. Thanks
Company	Confidential?	Question Two – Please provide comments on the DCP 268 Annual Review Pack?
n/a	n/a	No Comments Received