

**DCUSA DCP 268 CHANGE DECLARATION**

**VOTING END DATE:** 14 JULY 2017

DCP REF	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
<b>CHANGE SOLUTION</b>	Accept	Reject	Accept	n/a	n/a
<b>IMPLEMENTATION DATE</b>	Accept	Reject	Reject	n/a	n/a
<b>RECOMMENDATION</b>	<p><b>Change Solution – Accept.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was more than 50% in all Categories.</p> <p><b>Implementation Date – Reject.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in all Categories.</p>				
<b>PART ONE / PART TWO</b>	<b>Part One</b> – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
<b>DNO PARTIES</b>				

Southern Electric Power Distribution plc	Accept	Accept	We agree with the Working Group that charging objectives 2, 3 & 4 are better facilitated for the reasons outlined in the Change Report.	As this change proposes to remove the distinction in DUoS charging (credits) between intermittent and non-intermittent generation, there is the potential to create a disconnect between the generation technologies and the support that they are capable of providing to the network to defer/avoid network reinforcement.
Scottish Hydro Electric Power Distribution plc	Accept	Accept		
Electricity North West Limited	Accept	Accept	<p>We are in agreement with the findings of the working group that the following DCUSA objectives are better facilitated by this changes:</p> <p><b>Charging Objective 2</b></p> <p>This change facilitates the introduction of alternative customer tariffs that make use of differential charging between time bands. Once implemented this change will increase the exposure of suppliers to the RAG (or BYG) time of use cost signals which are currently obscured by a range of tariffs with single or dual rate charges. This gives suppliers and customers the option to select overall charging plans that benefit from lower rates off-peak, and recognise the cost of using energy at peak time. Ultimately we anticipate this will lead to a greater number of innovative products in the marketplace.</p>	

			<p><b>Charging Objective 3</b>                  This change makes it more likely customers charges will reflect the actual costs their usage causes on the distribution network by enabling arrangements where suppliers can introduce new SSC even if customers remain NHH settled.</p> <p><b>General Objective 1</b>                  The DUoS charges provide Users with cost signals to encourage efficient use of the distribution network. The wider use of RAG (or BYG) DUoS pricing will increase the exposure of suppliers (and their customers) to these cost messages enabling them to respond to (or benefit from) these cost signals.</p> <p><b>General Objective 2</b>                  The costs of using the distribution network should reflect the differences in each supplier portfolio and not be smeared across all users (see example of Economy 7 afternoon boost).</p>	
Northern Powergrid (Yorkshire) plc	Accept	Accept	<p>We believe that this change better facilitates the following objectives:</p> <ul style="list-style-type: none"> <li>Charging Objective 2 as the wider use of time band pricing will make DUoS pricing more transparent, which will influence customers to respond to</li> </ul>	None at this time.
Northern Powergrid (Northeast) Ltd	Accept	Accept		

			<p>the cost signals providing they are offered by suppliers; and</p> <p>Charging Objective 3 as use of the specific DNO time bands more accurately reflect the costs of using the distribution network.</p>	
SP Manweb	Accept	Accept	<p><b>Charging Objective Two</b> Enables time of use tariffs in the supply industry, facilitating innovative tariffs and competition.</p> <p><b>Charging Objective Three</b> Where metering allows, the network use costs will be clearer, using supplier portfolios, and the DNO time bands can more accurately reflect the cost of using the network.</p> <p><b>Charging Objective Four</b> This change sits alongside the developments in half hour metering and smart meters.</p>	No Additional Comments
SP Distribution	Accept	Accept		
Western Power Distribution ( East Midlands)	Accept	Reject	Objectives 2 and 3. The change allows for greater flexibility and costs reflect time of use.	This is a significant structural change to duos tariffs and this together with some customers still remaining on PC 5to8 medium tariffs, suggest that a later implementation date than April 2019 would be appropriate.
Western Power Distribution ( West Midlands)	Accept	Reject		
Western Power Distribution (South West )	Accept	Reject		

Western Power Distribution ( South Wales)	Accept	Reject		
Eastern Power Networks	Reject	Reject	<p>In contradiction to what is noted in the change report, although we were an active participant of the working group we do not support the view that this change better facilitates the charging objectives. We believe that the tariffs created with this change prevents a DNO complying with Distribution Licence Condition 14.3 which states that <i>'Except with the Authority's consent, the Charging Statements available under paragraph 14.1 must: (a) be presented in such form and with such detail as would enable any person to make a reasonable estimate of the charges for which he would become liable in respect of Use of System ....'</i></p> <p>This change creates tariffs which any customer and potentially Suppliers and IDNOs cannot make a 'reasonable estimate of the charges of which they would be liable in respect of Use of System' on the basis of the information which the DNO would include in their LC14 charging statement. This would have a negative impact on charging objective two by restricting competition in the distribution of electricity and charging objective six by</p>	<p>This new change would result in fundamental changes to our systems and processes. We believe that in order to design, build and successfully test and fully implement any solution would take up to 24 months, with an estimated cost of circa £500,000. As a result an implementation date of 1 April 2019 would not be achievable.</p> <p>It is expected that a majority of customers will have Smart Meters installed by 2020 and with their migration to MC 'F' &amp; 'G' this change would have almost no impact.</p> <p>Finally, it is worth noting that in May 2016 Ofgem published a conclusions paper on HH settlement which stated that there were no immediate barriers to elective HH settlement within the distribution charging arrangements. We urge that a more expedient solution would be to encourage suppliers to settle on HH aggregate data as Smart metering is installed.</p>
London Power Networks	Reject	Reject		
South Eastern Power Networks	Reject	Reject		

			<p>creating inefficiencies in the implementation and administration of use of system charges.</p> <p>The arrangements for Super Customer (NHH) Billing has benefitted for two decades from using data which is shared amongst both DNOs, IDNOs and Suppliers as appropriate. This change introduces separate processes for DNOs to operate, which would result in both Suppliers and IDNOs needing to separately validate the invoices if they choose to do so, which would need to replicate the DNO validation. The current arrangements use a common source of data, whereas the solution which is proposed breaks away from using common data for billing and validation for all industry parties and instead uses derived data produced by DNOs.</p> <p>At the current time the DNO informs the Supplier / IDNO on a daily basis (via the D0242 / D0315 dataflow) of their liability, under this proposal this process becomes redundant and parties will need to look back at the D0030 / D0314 which they have received, in order to calculate their expected charge.</p>	
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			<p>We do not believe that charging objectives two, three or four are better facilitated by this change. The consumption data will remain based on the same profiled data that is used today. As a result this will not allow charges to Suppliers and IDNOs to reflect actual consumption in each timeband. Where Smart Meters have been installed, the tariffs introduced as a result of the previous change alongside the new Measurement Classes (MC) 'F' and 'G' would already deliver the benefits for which this change purports to deliver without the indirect additional cost. It is also stated that as a result of this change, costs would not be smeared but based upon each Suppliers and IDNOs own portfolio. However currently each Suppliers and IDNOs costs are already based upon the customers they service and as the data is still profiled this would remain unchanged. Which consequently means that with this proposal the data will be profiled into time bands, rather than as currently where the meter read time bands form the allocation of charges and charge allocation will be less accurate.</p>	
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			<p>This change could also provide Suppliers with a rationale to avoid settling with real HH data collected from Customers with Smart meters and hence utilising the existing and more cost reflective arrangements which exist as a result of the introduction of MC 'F' and 'G' for those customers where HH aggregate arrangements are possible. We urge that a more expedient solution would be to encourage suppliers to settle on HH aggregate data as Smart metering is installed.</p>	
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**IDNO PARTIES**

The Electricity Network Company Ltd	Reject	Reject	<p>We do not believe that any of the DCUSA General Objectives or the DCUSA Charging Objectives are better facilitated by DCP268.</p> <p>We do not agree with the Working Group's conclusions regarding which of the DCUSA General and Charging Objectives are better facilitated.</p> <p><b>Charging Objective 2:</b> We remain unconvinced that CO2 is better facilitated. The working group asserts that this change allows greater</p>	<p>It should also be noted that this change was not identified by Ofgem as one that led to the removal of barriers to elective HH settlement (although they did recognise this change as part of that work). We agree with Ofgem's assertion that this change proposal is not required to facilitate HH settlement. We do not believe that this change proposal aids the move to elective HH settlement. We are unaware of customers who cannot, presently, be HH settled and billed on an appropriate tariff.</p>
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			<p>flexibility in the supply industry to offer time of use tariffs. We disagree with this as we believe that suppliers can currently offer time of use tariffs through the LV Network Domestic, or LV Network Non-Domestic Non-CT. This change proposal does enable any charges that a supplier cannot already access. Customers can only respond to price signals where they have a HH capable meter and if they have such a meter then access to these tariffs is presently available.. Whilst a greater visibility among suppliers (and possibly users) will allow a broader understanding of the time based charging bands we do not believe that this will benefit consumers or distributors until such time as real consumption data can be used in settlement and billing.</p> <p><b>Charging Objective 3:</b> We do not agree that this change proposal will better facilitate the third charging objective. We not do see how this change proposal will increase cost reflectivity as it allocates a time band charge not based on actual data. Consumers who use the system at different times will not be charged different use of system prices and so it cannot be considered to be any increase in cost reflectivity in</p>	<p>We believe that it would be more beneficial for the industry to align change proposals which seek to facilitate HH settlement. We do not believe that the solution delivered by this change proposal addresses, fundamentally, the systems and process changes required to bring about mandatory HH settlement in the future. Without considering how process and other codes may need to be changed we do not believe that this change proposal can be considered as fully developed.</p>
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			<p>these charges. Again, this benefit can only be realised through the introduction of HH capable metering equipment on premises and where this equipment is installed the supplier and customer will have access to HH use of system charging without the need for this change.</p> <p><b>Charging Objective 6:</b> We believe that this change proposal has a negative impact of charging objective 6. This change will increase the level of work that distributors are required to undertake in order to create use of system invoices. Rather than this being undertaken by the central systems at Elexon each distributor will be required to aggregate consumption data over each HH period against the relevant charge unit and summate this into a use of system charge. Such process reduce the efficiency and implementation of the use of system charging methodologies whilst incurring costs for development and ongoing provision among distributors.</p>	
<p>ESP Electricity Ltd</p>	<p>Accept</p>	<p>Accept</p>	<p>ESPE agree with the Working Group that Objectives 2, 3 and 4 are better facilitated.</p>	<p>No</p>

			<p>Objective 2: By introducing R/A/G time bands, the cost signals to customers encourage an efficient use of the distribution system.</p> <p>Objective 3: The R/A/G time bands more accurately reflect the costs of using the distribution system.</p> <p>Objective 4: Consistent with the developments in smart meters and half hour settlements.</p>	
<b>SUPPLIER PARTIES</b>				
British Gas	Accept	Accept	<p>Charging Objective 2 is better facilitated as this change allows greater flexibility in the supply industry to offer time of use tariffs which will facilitate competition in electricity supply.</p> <p>Charging Objective 3 is also better facilitated as the resulting tariffs will more accurately reflect the costs of using the network.</p>	
DONG Energy	Accept	Accept	<p>This DCP better facilitates objectives 2 and 3 in that the change enables better cost reflectivity and greater pricing transparency.</p>	

E.ON UK	Accept	Accept	General objective 2 – This CP will facilitate more structured pricing for NHH customers and allow more fluid competition in the market.	This proposal would help in the long term with the aim of introducing HH settlement for all and encouraging flexibility, this is something that our company has a strategic objective to achieve. Therefore in principle we support the proposal. A key issue for us will be timing of its implementation to ensure that we are ready for it. Delaying this to April 2019 rather than next year would carry benefits, especially as the DNO model for information provision has been chosen over the proposed changes to the central system and existing flows.
The Renewable Energy Company limited	Accept	Reject	This modification would better facilitate Charging Objectives 2 and 3. This proposal shall facilitate competition by allowing greater flexibility to offer time of use tariffs. This modification will more accurately represent the actual usage of different parties at different times, therefore a greater reflection of the costs incurred.	The implementation date must be rejected as suppliers have customers contracted for the periods surpassing April 2019, based on terms prior to the implementation of the new charging methodologies. Ecotricity would suggest an April 2020 implementation date would be more suited as this will provide the sufficient lead time.
EDF Energy	Reject	Reject		With the CDCM review and the TCR both looking to reform the way charges are calculated and structured I think it would be unreasonable to have this change go through in April 19 for it then to change dramatically a year later. This

				would cause no end of disturbance for Customers, Suppliers and DNOs.
Engie	Accept	Accept		
Haven Power Ltd	Accept	Accept	Objective 2 – The wider use of time bands will make DUoS pricing more transparent and allow greater flexibility to offer time of use tariffs, promoting innovation and competition. Objective 3 – The use of specific DNO time bands more accurately reflects the costs of using the network.	No
npower	Accept	Accept	Charging objective 2 would be better facilitated by this change as it will help to facilitate suppliers to offer time of use tariffs for consumers with smart meters, without the need to move to HH energy settlement. This facilitates competition by allowing suppliers to develop innovative tariffs through the introduction of appropriate settlement configurations.  Charging objective 3 would be better facilitated where appropriate metering and settlement configuration is in place it will allow more accurate allocation of DNO costs to suppliers.	This change would simplify the DUoS charging regime by significantly reducing the number of tariffs.

			Charging objective 4, although not a direct development to the DNOs businesses, industry developments of increasing numbers of HH and smart meters installed in customers premises makes the differentiation in charging methodology that customers face by measurement class appear increasingly arbitrary. This change would remove that split so that all customers charges will be calculated using the same methodology.	
SSE Energy Supply	Accept	Reject	SSE Supply believe this DCP meets DCUSA Charging Objective 3 in that it will introduce better cost reflectivity of using the distribution network.	We feel that the introduction of these charges should be delayed until the result of Ofgem’s programme of mandatory HH settlements is published and the change can be co-ordinated with a move to HH settlements across all relevant charges. To change costs on a piecemeal basis will involve multiple system changes to manage each cost change as it arises which would be an inefficient use of development resources.
Opus Energy Ltd	Accept	Accept	Objective 2 – Wider use of time bands will increase transparency for DUoS pricing and allow greater flexibility to offer Time of Use Tariffs, promoting competition.	No

			Objective 3 – Use of specific DNO time bands will more accurately reflect costs of using the network.	
<b>DISTRIBUTED GENERATOR PARTIES</b>				
<b>GAS SUPPLIER PARTIES</b>				