

DCUSA DCP 248 Consultation Responses – collated comments

1. Do you understand the intent of the DCP 248?

Response Summary: It was noted that all respondents understood the intent of DCP 248. The main additional comment was from ENWL regarding whether Options 2 to 4 meet the intent of the CP.

2. Are you supportive of the principles of DCP 248?

Response Summary: The working group noted that there was mixed support for the principles of DCP 248, with some Parties supportive of the proposal whilst others expressed concerns.

<p>3. What is your preferred option (please provide your rationale):</p> <ul style="list-style-type: none"> • Option 1 - A 12 month grace period to allow retrospective reductions to MIC • Option 2 – A 12 month grace period. Setting the MIC to zero for the first month, after which the first month’s maximum demand data could be used • Option 3 – A 12 month grace period. Setting MIC to zero for the duration of the grace period. • Option 4 – A 12 month grace period setting the MIC using any Maximum Demand data already available or estimated where no Maximum Demand data is available. 	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • 10 respondents (5 DNOs, 1 IDNO and 4 Suppliers) prefer Option 1. • No respondents prefer Option 2. • Three Supplier respondents prefer Option 3. • One IDNO respondent prefers Option 4. • One DNO respondent does not support any of the options. <p>Option 1: Main points raised</p> <ul style="list-style-type: none"> • DNOs have already written to customers with proposed MICs and MICs have already been agreed with many customers • It avoids confusion • It is easily understood and applied • Only Option 1 recognises the link between connection agreements, statutory processes and charging 	<p>The Working Group noted that the majority of respondents preferred Options 1 and 3 and subsequently agreed to discount Options 2 and 4. It was agreed for Option 1 to be progressed as the original solution and that Option 2 should be progressed as an alternate solution.</p>

- It is too late to implement the other options as customer migration/billing has already started
- Requires a significant amount of rebilling/reconciliation. Potentially manual back billing processes can be disruptive to the customer.
- It will not benefit unengaged customers.

Option 2: Main points raised

- It does not require rebilling/reconciliation and so is easier to implement
- It gives DNOs/customers time and data to agree an appropriate MIC
- It is likely to be slightly easier to bill than option 3
- The first month data may not be accurate
- It is disproportionate by giving benefit to all customers rather than those wanting to change MIC
- It is unduly discriminatory to other HH customers
- It is unclear what happens after 12 month grace period
- It potentially requires further customer engagement
- It may lead to a change in customers billing from what was accepted with Supplier
- Should use previous demand data/connection agreements if available
- Having existing customers request MIC again is not good customer

service

- Creates additional complexity

Option 3: Main points raised

- It provides the most protection to customers
- It also protects disengaged customers and provides DNOs with 12 months data to deem an enduring MIC.
- It offers protection from the outset.
- Customers only pays MIC charges based on what they use and so cannot be over-charged.
- It does not require rebilling/reconciliation and so is easier to implement
- It gives DNOs/customers time and data to agree an appropriate enduring MIC
- It may delay correspondence with customer
- The 12 month grace period will end at different time for each customer so difficult to administer
- It is disproportionate by giving benefit to all customers rather than those wanting to change MIC
- Should use previous demand data/connection agreements if available
- It is unduly discriminatory to other HH customers

- It is unclear what happens after 12 month grace period
- It potentially requires further customer engagement
- It may lead to a change in customers billing from what was accepted with Supplier
- Creates additional complexity

Option 4: Main points raised

- It does not require rebilling/reconciliation
- It is likely to be slightly easier to bill than option 3
- It gives DNOs/customers time and data to agree an appropriate enduring MIC
- It is disproportionate by giving benefit to all customers rather than those wanting to change MIC
- It is overly complicated without any increased benefit
- There is a lack of MD data for many customers so it discriminates between those with MD data and those without
- It is unclear what happens after 12 month grace period
- It potentially requires further customer engagement
- It may lead to a change in customers billing from what was accepted with Supplier

Other points raised:

- The party which did not support any option stated that their stance at this time was that they will manage the relationship with the customer in line with their obligations under the National Terms of Connection.
- Customers need to be made aware that in reducing their MIC downwards they are giving up their right to the released capacity (which may then be utilised for other customers elsewhere on the distribution system). Therefore, such capacity may not be available should they require it at a future date. Under RIIO ED1 HH customers who bring about the need for system reinforcement will have to fund it whereas NHH customers do not.
- Setting “MIC” for billing on an arbitrary MD and describing this as the MIC is not appropriate and breaks the link between billing and connection agreements, and hence cost reflectivity etc. It is unclear whether it is intended that the physical MIC is then altered to reflect billing (tail wags dog) but to base the MIC on such values goes against the grain of the discussions under DCP115, where customers were strongly against the suggestion that capacity might be removed from customers without their agreement.
- DNOs/Suppliers should be working together given the delay in DCP 161 and there is now time to get this right.
- One DNO party queried the analysis presented in the consultation.
- One DNO party stated that their IT system holds a data field for the MIC value and is used for billing purposes and network planning. Options 2-4 would require this field to be overwritten for billing

purposes for approximately 6,000 customers. The original MIC would need to be retained off line for network planning purposes for up to 12 months and then manually reinstated or amended depending on the outcome of discussions with the customer. Managing the accurate transition and reinstatement of MIC data for such high volumes of customers who will have different grace period timings will be extremely difficult and manually intensive.

- There is a potential for customers to be substantially over-charged via excess capacity charges if all customers are not migrated by March 2017.
- The main option missing from all of these is that Distributors use their MIC and manage the process with customer engagement under the National Terms of Connection and where a change is made it is made from that time. In other words business as usual.

4. Which option do you consider provides the most/least level of protection against inappropriate capacity charges for customers affected by P272?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • Eight respondents (one IDNO, three DNOs and four suppliers) believe that option 1 provides the best protection (although some base this view on it being the only workable solution). • Five (one DNO and four suppliers) believe that option 3 provides the best protection, with one (SP Distribution and SP Manweb) considering option 1 also provides a significant level of protection. However, one of these respondents (ESP Electricity) do not agree with option 3 despite the level of protection where previous demand data is available or where a connection agreement is in place – with this representing discrimination against other HH customers, and another (Npower Ltd) consider all options other than option 1 to provide the most protection, however they have proposed a hybrid solution to protect customers who migrate to HH settlement prior to this modification being implement (see Q19). One respondent (Northern Powergrid), who considers option 1 to be the only viable choice, do acknowledge that option 3 arguably provides the most protection, but consider this not to be appropriate at this stage. • One respondent (UK Power Networks) believes that none provide protection and another (Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc) that there is no difference between them or that implementing any does not outweigh concerns in creating excessive complications for customers. • Two respondents believe that option 1 provides the least protection, while five consider option 3 to be inappropriate and/or discriminates against existing HH customers, and another (Electricity North West) considers any option other than option 1 to not meet the intent of the change proposal. 	<p>The Working Group agreed for Option 1 to be progressed as the original solution, with Option 3 being progressed as an alternate solution in line with the majority of responses received. It was noted that a respondent suggested that none of the options provide protection against inappropriate capacity charges due to the lack of obligations placed within the proposed legal text.</p> <p>The Working Group recognised that there is a risk that any refunds for inappropriate capacity charges may not be passed through to customers.</p>

Selected other comments:

- British Gas suggest that their analysis indicates that DNOs will “intentionally” charge P272 customers £27m per annum more than is reflective of the demand they place on the network, and that under option 1, only customers who engage within the grace period will benefit from the protection.
- UK Power Networks consider that no option provides protection as there is no obligation on the supplier to pass on any “saving”. Electricity North West also commented along a similar line.
- Opus Energy Ltd suggests that the retrospective approach with option 1 will complicate billing and result in some customers potentially being initially overcharged for 12 months.

5. Do you have any comments on the proposed legal text for each of the options?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • Seven respondents did not have any comments on the proposed legal text. • One respondent noted that only option 1 refers to what the MIC will be after 12 months. • Two respondents provided general comments and suggested amendments to the legal text for option 1. • Two respondents provided general comments and suggested amendments to the legal text for each of the options. • One respondent suggested creating a new Schedule in DCUSA rather than amending Schedule 16. <p>Specific Comments/suggested amendments with WG reply:</p> <ul style="list-style-type: none"> • SP Distribution and SP Manweb: Only Option 1 has any reference to what the MIC will be after 12 months, the other options simply state how the MIC is set for the first 12 months. <p>WG reply: This is intentional – it provides flexibility to the DNO set the MIC in an appropriate manner taking into account 12 months of actual data and any communication/agreement with the customer.</p> <ul style="list-style-type: none"> • The Electricity Network Company: There are inconsistencies in the use of the terms “P272” and “CT Metered sites” because: <ol style="list-style-type: none"> 1. there is no differentiation in Standard Licence Condition 12 between sites which are metered through a Current Transformer Electricity Meter and sites which are metered 	<p>The Working Group noted that the legal text had been revised in order to ensure that the drafting was applicable to DNOs and IDNOs. The comment regarding the title of P272 as referenced within the legal text was also addressed.</p> <p>The Working Group agreed that this change does not consider the process following the 12 month grace period.</p> <p>With regard to the comments raised by SP Distribution and SP Manweb the Working Group agreed that the change intends to provide flexibility to the DNO setting the MIC, taking into account the 12 months of actual data and any communication/agreement with the customer.</p> <p>In terms of the Electricity Network Company’s comments, the Working Group agreed that amend the legal text to include a number of the proposed suggestions aside from:</p> <ul style="list-style-type: none"> • CT is defined in Schedule 16 of DCUSA and used elsewhere in the Schedule so we have maintained the use for paragraph 151A. • We consider the term site specific HH DUoS tariff is sufficiently clear. • We have not reflected the proposed change to allow more than one retrospective MIC change. The intention of the protection under option 1 is to maintain the existing rules surrounding changes to the MIC in paragraphs 149 and 150 with the sole exception of allowing a reduction to be made retrospectively. The proposed change would go beyond this. We note the view of the respondent that they do not agree with the current clause 149 in this regard, but as accepted by them, this is outside of the scope

through a whole current meter.

2. The language used in the definition of P272 uses the description of the modification rather than the modification proposal title.
3. The drafting of the legal text refers to CT Metered sites. Firstly, CT Metered sites is not a defined term. We believe the term should be “Current Transformer Electricity Metering”.
4. The Electricity Network Company then provides suggested amendments and a number of comments.

WG reply: We are grateful for the review and suggestions. The revised legal text has taken on board a number of the proposed amendments with the following exceptions.

- CT is defined in Schedule 16 of DCUSA and used elsewhere in the Schedule so we have maintained the use for paragraph 151A.
- We consider the term site specific HH DUoS tariff is sufficiently clear.
- We have not reflected the proposed change to allow more than one retrospective MIC change. The intention of the protection under option 1 is to maintain the existing rules surrounding changes to the MIC in paragraphs 149 and 150 with the sole exception of allowing a reduction to be made retrospectively. The proposed change would go beyond this. We note the view of the respondent that they do not agree with the current clause 149 in this regard, but as accepted by them, this is outside of the scope of this change and therefore we don't believe we should amend the protection offered by paragraph 151A any further than we have proposed.
- We have not reflected the proposed amendment which removes the protection where a connection agreement is in force. This would remove the protection for c. 50% of affected customers, with the analysis suggesting that this subset of customers have

of this change and therefore we don't believe we should amend the protection offered by paragraph 151A any further than we have proposed.

- We have not reflected the proposed amendment which removes the protection where a connection agreement is in force. This would remove the protection for in the region of 50% of affected customers, with the analysis suggesting that this subset of customers have the greatest risk of inappropriate capacity charges.

The Working Group agreed to accept the amendments proposed by UKPNs and as such the legal text was updated. However the Working Group agreed that placing obligations on the way in which Suppliers reflect DUoS charges is outside of the scope of this Change Proposal.

The Working Group accepted the majority of the changes proposed by Southern Electric Power Distribution, with the exception of the below:

- We do not consider it necessary to expand existing paragraphs 149 and 150 to reflect that MICs may be set in a different way.
- The legal text intentionally does not address what MIC should apply after the 12 months – it provides flexibility to the DNO set the MIC in an appropriate manner taking into account the 12 months of actual data they now have and any communication/agreement with the customer.

With regard to the comments raised by Northern Powergrid, the majority of Working Group members agreed that the drafting is appropriate and would not require a new Schedule to be introduced. However an action was taken to draft a new Schedule for review at the next meeting.

In terms of Electricity North West's comments, the Working Group agreed

the greatest risk of inappropriate capacity charges.

- UKPN: In order for this DCP to deliver the outcome it purports to desire, there needs to be an obligation on the supplier to fully and accurately reflect the method of capacity charging and MIC used from the DNO (including passing on any backdated credits if Option 1 succeeds) in its charges to the customer. This needs to be stated as a clear obligation within Section 2A of DCUSA. UKPN also suggest a small amendment to the legal text.

WG reply: We have accepted the proposed amendment to the legal text however with respect to the general point we consider that placing obligations on the way that suppliers reflect DUoS charges is outside the scope of this DCP.

- Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc: Provide a number of comments.

WG reply: We have accepted and addressed most of the comments proposed with the exception of:

- We do not consider it necessary to expand existing paragraphs 149 and 150 to reflect that MICs may be set in a different way.
- The legal text intentionally does not address what MIC should apply after the 12 months – it provides flexibility to the DNO set the MIC in an appropriate manner taking into account the 12 months of actual data they now have and any communication/agreement with the customer.
- Northern Powergrid: Suggest it would be better to create a separate schedule in DCUSA rather than alter Schedule 16.

WG reply: We consider the revised text is appropriate and is not

that the 12 month grace period from the date of change in measurement class is appropriate as it focuses on the impact on the DUoS charges applicable to relevant customers rather than the date when the industry became aware of the change.

extensive – therefore a separate Schedule is not necessary.

- Electricity North West: Suggest the 12 months grace period should be from the date of DCP 179 approval rather than the change of measurement class.

WG reply: We consider that 12 months from the date of change in measurement class is appropriate as it focuses on the impact on the DUoS charges applicable to relevant customers rather than the date when the industry became aware of the change. We also note that the DCP 179 change report proposed a different approach to the approaches actually put in place by DNOs following approval of that change.

6. Do you consider that each of the four proposals better facilitates the DCUSA Objectives? Please give supporting reasons.	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • One respondent expected that DNOs would write to customers again to clarify the situation regarding excess capacity charges following the deferral of DCP 161. • One respondent suggested that Options 2, 3 & 4 better facilitate Charging Objective 3 than Option 1. • 7 respondents agreed that all of the options better facilitate the DCUSA Objectives, with two of the respondents suggesting that none of the options better facilitate Charging Objective 2 and one of the respondents suggesting that it may be too late to implement Options 2, 3 & 4. • Two respondents suggested that Options 2 and 3 do not better facilitate the DCUSA Objectives, with another respondent noting that Option 1 best facilitates the DCUSA Objectives. • Three respondents did not agree that the proposals better facilitate the DCUSA Objectives. <p>Selected other comments:</p> <ul style="list-style-type: none"> • <i>“For any customers who do not engage with the DNO within the grace period these objectives are not better facilitated by option 1. By comparison, all of options 2 through to 4 properly ensure a common approach by mandating the same initial approach from the outset and therefore clearly better meet these objectives.”</i> • <i>“We consider that the deferral of DCP 161 provides the opportunity for the industry to offer significantly improved levels of protection to these customers and takes account of developments in the DNO business (options 2-4), however even under option 1 we would expect DNOs to take account of the DCP 161 development and to write to</i> 	<p>The Working Group agreed that P272 does create a set of exceptional circumstances and that some form of protection is appropriate. The majority of respondents agreed that the options put forward better facilitate the DCUSA General and Charging Objectives. Based on the responses received to previous questions, the Working Group agreed that Options 1 and 3 should be progressed.</p> <p>The Working Group noted that the question did not specify whether respondents should provide a response based upon the DCUSA General Objectives or the DCUSA Charging Objectives.</p> <p>With regard to the progression of Option 3, the members noted that a split vote may occur which could result in the change being pushed back from Ofgem for further consideration. It was noted that there is a limit to the number of alternates that can be progressed. It was also noted that seven respondents agreed that all of the options better facilitate the DCUSA Charging and General Objectives.</p> <p>The majority of Working Group members concluded that both Options 1 and 3 better facilitate DCUSA Charging Objectives 2, 3 and 4 as well as DCUSA General Objective 2. This was due to the ability to provide a common approach when dealing with customers when they seek to actively agree to apply an enduring MIC. Finally, the Working Group agreed for the Change Report to include a summary of the Working Group’s comments to the responses received to the consultation.</p>

customers again to clarify the situation regarding excess capacity and to give customers an opportunity to reconsider their MIC.”

- *“Option 1 does not stand on its own. There needs to be a mechanism to set the initial MIC capacity.”*
- *“... does not believe that Charging Objective 3 has been better met as all Suppliers and Customers have had the opportunity to provide actual data and/or negotiate new levels if the distributor does apply a default higher/lower than what the customer expected.”*
- *“This change could adversely impact general objective 1, and charging objectives 1 and 3.”*
- *“It is not clear how this change impacts competition. It may have an adverse impact on competition if some suppliers have quoted customers on a level of MIC that DNOs have communicated to them or have bundled capacity costs into other charges somehow.”*
- *“...we are not convinced that any of these options better facilitate Charging Objective 2, unless customers are provided with transparency on their supplier energy bill.”*
- *“...we believe that Option 1 meets Charging Objective Three - 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. Options 2 and 3 certainly do not meet this objective.”*
- *“None of the options better facilitate the objectives in fact they will*

make General Objective 1 much worse. By having to create manual processes it is less efficient than the current processes we adopt in managing this area, and can create further uncertainty in managing the network.”

- *“We agree with the reasons given in the consultation document, excepting that it may be too late to implement options 2, 3 & 4.”*

7. It is noted that P272 deadline has been extended which gives more time to liaise with customers to agree a MIC but the task is still a significant one. In light of the delay in P272, do you that agree that the protection of DCP 248 is still required?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • 11 respondents agreed that the protection of DCP 248 is still required, with one respondent suggesting that a retrospective element (i.e. Option 1) would not be required following the deferral of DCP 161 and one respondent suggesting that an enduring protection is required. • Two respondents did not agree that the protection of DCP 248 is still required. • One respondent suggested that protection of DCP 248 has already been offered to PC5-8 customers when the letters were issued from DNOs. • One respondent commented on Clause 2.58. <p>Selected other comments:</p> <ul style="list-style-type: none"> • <i>“DCP 248 is still required, to protect the customer. The extension also supports Option 1, as it allows all parties time to set the MIC appropriately from the beginning.”</i> • <i>“Where the MIC is based on maximum demand data or by arrangements in the connection agreement we do not believe such protection mechanisms are required.”</i> • <i>“Where the distributor has estimated the MIC, a level of protection for both the customer and the distributor would be prudent.”</i> • <i>“We do not agree that any protection is required to be documented in the DUoS Charging Methodology.”</i> 	<p>The Working Group considers that P272 does create a set of exceptional circumstances and that some form of protection is appropriate. This is in line with the view of the majority of respondents.</p> <p>The Working Group noted that a respondent commented that customer protection is already provided within the Use of System Charging Statement. However, the Working Group concluded that the protection within the Use of System Charging Statement would not cover the issue under consideration by this Change Proposal. The Clause refers to the allocation of tariffs to customers.</p>

- *“....with deferment of DCP 161 to 2018 we do not believe that a solution with any retrospective element (i.e. option 1) is required.”*
- *“It would be beneficial to have a standard approach”*
- *“....different DNOs are taking a different approach to calculating capacity.”*
- *“....the protection to consumers of DCP 248 is required on an enduring basis.”*
- *“Clause 2.58 of the Use of System Charging statement states: “If it has been identified that a charge has been incorrectly allocated due to the metering data, then a correction request should be made to the Supplier.” However, the document is not so definitive about making corrections as it is when it is a matter of the wrong voltage.”*
- *“.....we do not believe that this change is necessary and that as part of the implementation of DCP322, Suppliers should work with Distributors in managing the potential impact in a co-ordinated way during any contract discussions so that the customer is fully informed....”*

<p>8. Do you think that the current protection offered by the UoS charging statements with regards to incorrect charges offers the level of protection sought by this Change Proposal?</p>	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • Eight respondents did not agree that the protection provided by UoS charging statements offers the level of protection sought by DCP 248. • One respondent agreed that the protection offered by UoS charging statements is sufficient. • One respondent suggested that the UoS charging statements are not relevant to DCP 248. <p>Selected other comments:</p> <ul style="list-style-type: none"> • <i>“....the protection within the UoS charging statement appears to be limited to instances of incorrect tariffs being applied as opposed to inappropriate capacity values being applied.”</i> • <i>“....it could be argued that the MICs that are being proposed by networks, even if they are being deemed, are not incorrect and therefore the protection against “incorrect” charges in the Use of System Charging statement does not provide any protection to these customers.”</i> • <i>“....the reference to “incorrect charges” is misleading. Charges are calculated in reference to the MIC. The issues in this change proposal is whether the right MIC is being used (whatever “right” means). The only protection that is required is where the distributor estimates the MIC and where the customer disagrees with the assessment post migration.”</i> • <i>“Charging statements need to reflect the contractual obligations imposed by DCUSA. We believe that Schedule 16 should allow</i> 	<p>The Working Group considers that P272 does create a set of exceptional circumstances and that some form of protection is appropriate. This is in line with the view of the majority of respondents.</p> <p>The Working Group noted that a respondent commented that customer protection is already provided within the Use of System Charging Statement. However, the Working Group concluded that the protection within the Use of System Charging Statement would not cover the issue under consideration by this Change Proposal. The Clause refers to the allocation of tariffs to customers.</p>

distributors to amend the MIC retrospectively for all customers under prescribe circumstances, not just those on migrating from PC 5-8.”

- *“It seems a bit of a nonsense for the distributor to have to seek a derogation from DCUSA in order to do something that is in the interest of the customer.”*
- *“....it is important that customers are aware that in reducing their MIC, they are relinquishing their right to capacity”*
- *“.....there are clear benefits in more explicit protection being included in the DCUSA legal text for the P272 transition.”*
- *“....the current protection offered by the UoS charging statements is sufficient. A customer can agree a revised capacity through negotiation with the distributor”*
- *“The DUoS charging statements appear to deal with an incorrect tariff being applied. This is not relevant to DCP248.”*
- *“Some additional explanatory text, specific to the P272 change of measurement class and customers affected, would be required for the UoS statements. This would be removed at an appropriate future date in the event that an end date for the provisions is incorporated into DCUSA.”*
- *“The extract from the LC 14 statements is in regard to the supplier/DNO relationship and specifically refers to allocation of tariffs and not MIC values and should not be considered.”*
- *“....the protection should be specific to P272 customers. The significant point being that P272 customer are moving to HH settlements without choice in the matter.”*

<ul style="list-style-type: none">• <i>“The UoS Charging Statements are ambiguous.”</i>	
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<p>9. Are you supportive of the proposed implementation date - as soon as possible following Authority consent which may require an extraordinary release?</p>	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • 13 respondents agreed with the proposed implementation date, with two respondents noting that they agreed as long as DCP 248 did not result in IT changes being required • Two respondents suggested that the implementation date should be determined by the outcome of the consultation. <p>Selected other comments:</p> <ul style="list-style-type: none"> • <i>“.....we urge DNOs to be flexible prior to formal approval and reconsider implementation on a voluntary basis.”</i> • <i>“Since customers have already started to migrate from NHH to HH, it would be sensible to set a date as soon as possible following Authority consent.</i> • <i>“Options 2, 3 and 4 would need a lot of manual effort to implement and so we would need a longer lead time.”</i> • <i>“We recommend that the proposed implementation date is considered following consultation responses, as there could potentially be process or system impacts for some parties (in particular, if Option 1 was adopted, for which the added complexity of retrospective billing may require process/system changes).”</i> • <i>“As soon as possible given that supplier migration plans to HH have already been initiated.”</i> • <i>“....we believe that our preferred option should be implemented as</i> 	<p>The Working Group noted that the majority of the respondents agreed with the proposed implementation date.</p>

<p><i>soon as possible or through an extra-ordinary release where required.”</i></p> <ul style="list-style-type: none">• <i>“This depends on the option chosen and what processes need to be put in place to manage this.”</i>• <i>“....as long as the option chosen doesn’t involve IT changes”</i>	
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<p>10. In the DCP 248 legal text the protection offered by all of the options is limited to 12 months of a change in Measurement Class. Do you agree with this timescale? If not, please provide your rationale.</p>	<p>Working Group Comments</p>
<p>Response Summary: 11 respondents agreed that 12 months is a reasonable and appropriate timescale, with a suggestion made by four respondents to extend the timescale and a suggestion made by one respondent to shorten the timescale.</p> <p>Selected other comments: <i>“Options 2-4 would significantly reduce the impact of the time limit since DNOs will have 12 months worth of HH data to deem an appropriate enduring MIC at the end of the grace period.”</i></p> <p><i>“12 months appears reasonable since this gives a full review of a year’s consumption. However, this period is tight for a full year review. Therefore, we would support a 15 month review period.”</i></p> <p><i>“A timescale of marginally longer i.e. 13 or 14 months may allow for a full 12 months of data to be analysed before a MIC was changed.”</i></p> <p><i>“12 months’ worth of consumption data would provide the distributor with the confidence that the level agreed was a realistic level for all months of the year.”</i></p> <p><i>“3 months should be sufficient as it is the time it should take to contact the distributor and put paperwork in place. 12 months appears to be related to the need for a year’s worth of MD data but that data should be available for these customers now.”</i></p> <p><i>“Yes, it should not be less than 12 months due to the seasonal nature of some customers. We would also support 18 months which may add additional</i></p>	<p>The Working Group noted that the majority of respondents believed that 12 months was a reasonable and appropriate timescale, which was in line with the view of the Working Group.</p>

flexibility for the less engaged.”

“On the basis that all such customers will be on monthly billing this gives ample time for them to spot any undue effects and flag them up with their supplier or the distributor.”

“.....on the face of it, it looks reasonable but in reality we are looking at having to manage this over more than two years.”

“The protection should be extended to 24 months to allow customers to see a complete 12 months of bills and data before making a decision on their MIC requirements.”

11. Do you believe that there should be an end date within the DCP 248 legal text and, if yes, what date should it be?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • 5 respondents (3 Suppliers and 2 DNOs) did not believe there should be an end date within the DCP 248 legal text, with a further Supplier respondent specifically noting that an end date is not required for Option 1. • 8 respondents (4 DNOs, 2 IDNOs and 2 Suppliers) suggested end dates for inclusion within the legal text, with a further Supplier respondent noting that an end date was appropriate for options 2-4. <p>The majority of those that believed there should be an end date suggested 12 months after the P272 implementation date i.e. 31/03/18.</p> <p>One of those in favour suggested a date of 31/03/19 to provide protection for those customers whose change of measurement class was delayed. Another suggested it should be the number of months of protection decided upon after the P272 implementation date – this would also be 31/03/18 if the protection was set to 12 months however this respondent in response to question 10 favoured a shorter grace period of 3 months.</p> <p>Of those that did not believe an end date was necessary the key reason was that the protection would lapse naturally and should be driven by customer migration date. One respondent suggested the protection should endure and apply to all change of measurement classes (not just those affected by P272), whilst another suggested that customers should be entitled to claim compensation in line with the Limitations Act.</p>	<p>The Working Group noted that the majority of respondents believed that there should be an end date such as 12 months after the implementation on P272. It was considered that due to the 12 month grace period, the suggested end date would be preferable. The Working Group agreed for the legal text to be amended to introduce an end date.</p> <p>It was noted that a respondent had suggested for the change to be open ended for all P272 customers. This was suggested in order to ensure that the protection is offered to all customer affected by P272.</p>

<p>12. With regards to Option 1, do you agree with the Working Group’s view that customers that were not occupying the property at the time of the P272 migration are not entitled to back dating of their MIC?</p>	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • 4 Supplier respondents did not agree that customers that were not occupying the property at the time of the P272 migration should be excluded from back dated MICs. • 10 respondents(6 DNOs, 1 IDNO and 3 Suppliers) agreed with the Working Group’s view with regarding the back dating the MIC for customers who were not occupying the property at the time of the P272 migration, although one of these qualified their view by saying unless the MIC is obviously wrong. • • One respondent noted that this was not solely a P272 issue, but an issue for all instances of a change in occupation at felt DNOs should have flexibility to deal with these occurrences. <p>The main reasons for those supporting the WGs view that customers that were not occupying the property at the time of the P272 migration should not be entitled to back date their MIC was that these customers are no different to other customers who move into a new premise. They have not been affected by P272, but have simply moved into a premise on an existing HH tariff.</p> <p>The main reason for those against the WGs view was that if a MIC is not appropriate prior to the change of occupier then it may well still be inappropriate after the change of occupier and so protection is still required.</p>	<p>The Working Group noted that the majority of respondents agreed that the MIC should not be back dated for customers who were not occupying the property at the time of the P272 migration. This is in line with the view of the Working Group.</p> <p>The comments with regard to the connection agreements were noted by the Working Group.</p>

13. With regards to Option 1, if a P272 impacted customer requests a change in MIC shortly before moving out of a property, how best do you see managing this process once the customer has left the property? And how significant an issue do you believe this is?	Working Group Comments
<p>Response Summary: The below suggestions were made with regard to managing the process for customers who have changed their MIC shortly before moving out of the property:</p> <ul style="list-style-type: none"> • The grace period should not be offered • Change of MIC should only be offered where the customer occupies the property • The connection agreement should only apply whilst a customer is the owner/occupier of the property. • Provisions of Paragraph 151A should apply for customers seeking retrospective amendments • Credit / re-bills should occur as per the supply contract • The complexities introduced by Option 1 in terms of backdating, would be mitigated by Option 3 • Cannot be mitigated as DNOs will not receive prior notice of a change of tenancy • A number of respondents suggested that this is not a significant issue 	<p>The Working Group reviewed the proposals suggested within the responses, noting that the Connection Agreement can only apply to the occupant of the premises at the point of the P272 migration. It was noted that a number of respondents had suggested that this is not a significant issue, which is in line with the view of the Working Group.</p>

14. With regards to each option, are there any technical or resource constraints that need to be taken into consideration (and is there an associated cost)?	Working Group Comments
<p>Response Summary: In terms of technical or resource constraints that need to be taken into consideration and there associated costs, the responses suggested the below:</p> <ul style="list-style-type: none"> • Option 1 could result in additional work for billing and validation systems and increased dispute, complaints and refunds due to the retrospective element. In addition, two respondents noted the manual effort involved in Option 1. • Two respondents agreed that Options 2 and 3 would be less resource intensive than Option 1 • Four respondents suggested that Options 2, 3 & 4 would lead to additional internal costs, with another respondent suggesting that these options would require significant changes to their billing system. • One respondent noted that additional costs will be incurred as a result of re-negotiating the MICs and issuing new connection agreements. • Responses from 7 Suppliers, 6 DNOs and 1 IDNO. • 3 parties (Suppliers) believed option 1 creates more of a resource issue than other options • 7 parties (2 Suppliers, 5 DNOs) believed options 2-4 would require more resource to implement / support. <p>Selected other comments:</p> <ul style="list-style-type: none"> • One Supplier highlighted that under option 1 the extreme risk is that all of the 60% increase in HH billed sites may require a rebill activity, possibly across more than one supplier. This supplier also believed option 1 could lead to increased customer disputes/complaints, which may add resource constraints. • 2 DNO parties stated there may/will be additional IT development costs 	<p>The Working Group noted that a respondent suggested that a lead time would be required for system changes, if a zero MIC needs to be applied. The Working Group also noted that there would be different impacts on parties systems dependant on the option implemented and that each of the options would have different constraints and risks to customers.</p> <p>Finally, it was also noted that Suppliers will know which of the options, if any, have been implemented and as such will be able to reflect this into the contracts with customers.</p>

<p>associated to options 2-4. One of these stated a 6 month IT development would be needed.</p> <ul style="list-style-type: none"> • 1 DNO noted that for options 2-4 each DNO would need a list of each MPAN and when that MPAN has reached its grace period. • 1 IDNO noted that any solution approved could incur significant costs for distributors if different from the action already taken. • 1 DNO noted that options 2-4 could confuse a large group of customers, particularly those that are 'content' with the allocated MIC. • 1 Supplier noted that option 1 could unfairly charge customer capacity for a period of 12 months. • 1 DNO noted that all options would require significant additional processes to be established. • 1 Supplier noted that suppliers would need to make pricing assumptions and customers would have no cost certainty with options 2 and 3. • 1 Supplier believed that options 2 and 3 were clearly designed to minimise distributors obligations to engage with customers. • 1 DNO noted no technical constraints with options 1, 2, 3 however option 4 was not possible due to lack of supplier data. 	
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<p>15. With regards to each option, are there any other constraints, for instance the need for DNOs to potentially agree connection agreements with a large proportion of the customers affected by P272 that you are concerned about?</p>	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • One respondent raised concerns regarding Option 1, noting that customers need to be protected from the outset rather than required to enter into an agreement within 12 months. • One respondent did not agree that a new connection agreement needs 	<p>The Working Group agreed that bilateral connection agreements would not be required for the majority of P272 customers, which would limit the resource constraints in this area.</p>

to be signed for all P272 customers.

- With regard to Options 2, 3 & 4, one respondent suggested that they did not expect such material impacts on the billing process.
- One respondent noted that their biggest concern was the potential to cause unnecessary and unjustified confusion amongst customers through excessive complexity.
- Responses from 7 Suppliers, 6 DNOs and 1 IDNO.

Selected other comments:

- One supplier believes that DNOs should have agreed or be agreeing bi-lateral connection agreements for all customers regardless of DCP248.
- One DNO does not believe a new connection agreement signed for all P272 customers who wish to change their MIC.
- One supplier expects that DNOs should be appropriately resourced to handle all P272 customers contact to facilitate their entry into a new connection agreement. The DNOs should also clearly outline the cut off for a customer requesting a connection agreement (interpreted as relating to option 1).
- One IDNO relies on the NTC for all regulatory requirements with the exception of MD/MIC level itself.
- Two DNO noted constraints only for options 2,3 and 4 due to late change and confusion.
- Two DNOs noted that arrangements to agree capacity agreements was already underway.
- One DNO noted that:
 - Their communications exercise only resulted in a handful of enquires.
 - The proposal is discriminatory in nature by only considering

<p>reductions in capacity.</p> <ul style="list-style-type: none"> ○ The change proposal is too simplistic in its understanding of the MIC. 	
<p>16. With regards to each option, do you consider there to be a concern in relation to a customer being able to identify the need to amend their maximum import capacity with DNOs? Please provide supporting reasons.</p>	<p>Working Group Comments</p>
<p>Response Summary:</p> <ul style="list-style-type: none"> • One respondent noted the difficulties in engaging with EDCM customers on DUoS related matters. • Six respondents noting the difficulties with customers understanding the concept of MIC, whilst one respondent noted that the difficulties experienced in engaging with EDCM customers on DUoS related matters can indicate the likely level of dis-engagement for these smaller customers • One respondent suggested that there was not a concern with regard to Option 1 due to all customers having received an initial letter. • One respondent suggested mitigating the concern via continuous communications by the DNO with the affected customers. • Two respondents suggested that if it is not provided, Suppliers should offer guidance to their end customers on the ability to renegotiate the agreed MIC. 	<p>The Working Group noted that the DNOs struggled to engage with customers during the EDCM change, which was larger but affected a smaller number of customers. However, it was agreed that Suppliers have a stronger customer relationship than DNOs, which would support the engagement with the P272 migration. Some of the Working Group members did not agree with the correlation between the P272 and the EDCM customer engagement levels.</p> <p>The Working Group concluded that the majority of respondents had noted the difficulties with customers understanding the MIC.</p>

17. With regards to Option 1, do you believe that there should be a materiality threshold such that there will not be a credit rebill if it is less than a certain value?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • Seven respondents agreed that there should be a materiality threshold with regard to Option 1. • Five respondents did not agree that there should be a materiality threshold with regard to Option 1. • Two respondents suggested that there should be a minimum retrospective adjustment threshold which should quality for re-billing based on kVA, whilst one suggested that it should be % based • Three DNO respondents noted that their existing rules on materiality should apply. • • One respondent noted that any materiality threshold needs to be communicated at the initial stages of the discussions/communications to manage expectations and that the same value should apply to both Distributor to Supplier and Supplier to Customer. 	<p>The Working Group noted that the majority of respondents (seven) agreed that there should be a materiality threshold, whilst five respondents did not agree with this. The materiality threshold was further considered by the Working Group, with the conclusion being that this would require a view from members' businesses.</p>

18. With regards to Option 1, if there were to be a materiality threshold, what do you believe it should be set at?	Working Group Comments
<p>Response Summary: The below suggestions were received for materiality thresholds</p> <ul style="list-style-type: none"> • +/- £5 • £5 (£4.16 + VAT) • £10 – with any smaller amounts being donated to charity • £20/month • £75 • £100/MPAN • 10 kVA • 11 kVA • Existing DNO practice <p>Other Comments:</p> <ul style="list-style-type: none"> • Any value should be sufficient to cover reasonable administrative costs associated with Option 1 (for example, complexities of retrospective billing) and set at a level which should eliminate immaterial sums. 	<p>A member suggested that it would be preferable for the materiality threshold, if applied, should be based upon a kVA rather than a monetary amount. However, the majority of the Working Group were of the opinion that such instances should be handled using the business as usual processes.</p>

19. Are there any alternative solutions or matters that should be considered by the Working Group?	Working Group Comments
<p>Response Summary:</p> <ul style="list-style-type: none"> • Three respondents did not have any alternative solutions or matters that should be considered by the Working Group. • One respondent queried whether the change intends to apply to DNOs only and not to IDNOs. • Five respondents provided comments for the Working Group to consider. <p>One respondent requested the WG to consider the work already done in this area and the potential negative impact on customer experience of receiving conflicting approaches by the distributor.</p> <p>One respondent requested the WG to consider whether any of the options discriminate between customers, and whether customers who migrate prior to implementation of this change are disadvantaged, particularly under options 2-4.</p> <p>Another respondent noted the difficulty in applying options 2-4 retrospectively and suggested a hybrid where option 1 applied to customers who had already migrated. The WG discussed this with the respondent and agreed that the retrospective issue applies to all options and that it seems sensible to allow DNOs to be flexible and apply their discretion on the approach to apply to customers who have already migrated prior to the implementation of this change regardless of the final approach implemented.</p> <p>Another respondent made a number of comments as follows:</p> <ul style="list-style-type: none"> • further analysis is required due to the potential inaccuracies of the data currently being provided. We see contrary evidence that this is 	<p>The Working Group acknowledged the comment regarding customers being disadvantaged by Options 2-4 if they migrated prior to the implementation of this change. In response, the retrospective element of Option 1 was noted as a remedy to this issue. It was suggested that a degree of flexibility and discretion on the distributor's behalf, should be applied for the customers that migrate prior to the implementation of this change.</p> <p>The Working Group agreed to discount the hybrid option due to the additional associated complexities that would be introduced.</p> <p>The Working Group noted that the aggregated DNO data that had been provided and agreed that it was a reflective representation.</p> <p>The Working Group noted the comment regarding the Change of Supplier engagement with customers.</p>

an issue;

- it will just increase customer confusion and in some of the options create customer resentment (having to wait for any reduction in capacity whilst being charged at that value);
- if a customer wants to agree a MIC in excess of the values being used and Distributor's have to wait to enact it, this is being discriminatory to other customers since they are having to pick up this cross subsidy during the twelve month period;
- the legal text is far from complete;
- the working group assessment is somewhat premature regarding their belief that a further consultation is not required;
- there is no review of the potential impact/conflict with the National Terms of Connection;
- there is no pros and cons of the options identified;
- no impact assessment of the costs to facilitate this change due to business and IT process changes needing to co-exist for over two years;
- we challenge the working group view that change of tenancy and amendments close to a customer leaving the premises only impacts Option 1. They are common to all; and
- there is a potential Change of Supplier consideration. How would subsequent gaining Suppliers know that this arrangement still exists to ensure that they correctly back off any commercial arrangements and thereby ensure that the customer is not unduly impacted by any change in any commercial arrangements made as a consequence of such a Change of Supplier?
- There should be an obligation to pass back such a credit to the

customer irrespective of any commercial arrangement that exists.	
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