

**DCUSA DCP 248 Consultation Responses – collated comments**

<b>Company</b>	<b>1. Do you understand the intent of the DCP 248?</b>	<b>Working Group Comments</b>
British Gas	Yes	Noted
SP Distribution and SP Manweb	Yes we understand the intent of DCP 248, to protect customers with CT meters impacted by P272, to bill the MIC accurately for the capacity required for each MPAN.	Noted
The Electricity Network Company	Yes	Noted
Gazprom Energy	Yes – to provide protection to CT metered customers in profile class 5-8 once they switch to HH settlement by ensuring they are charged an accurate and appropriate DUoS capacity charge.	Noted
ESP Electricity	Yes we understand the intent of DCP 248.	Noted
UK Power Networks	Yes	Noted

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes.	Noted
Opus Energy Ltd	Yes	Noted
Northern Powergrid Northeast and Yorkshire	Yes	Noted
Npower Ltd	Yes. This change intends to reduce the likelihood of Current Transformer (CT) customers being allocated inappropriate capacity as a result of BSC modification P272.	Noted
Scottish Power Energy Retail Limited	Yes we understand the intent of the proposal seeks to provide protection to CT Metered P272 customers allowing a grace period to amend their Maximum Impact Capacity.	Noted

Smartest Energy	Yes	Noted
Electricity North West	Yes, and it is somewhat surprising to note that some of the options under consideration by the working group would seem to not actually meet the intent of the change proposal by agreeing a Maximum Import Capacity (MIC) twelve months after the change of Measurement Class and not being applied from the date of such a change. Whilst we understand that working groups do have some latitude within the work they undertake in developing a change proposal this seems to be significantly at odds with the intent. We welcome the working group's thoughts in this area as to whether Options 2-4 meet the intent or not.	<p>The Working Group observed that the intent of DCP 248 is to "is to protect customers with CT meters impacted by P272 by allowing them a grace period of at least 12 months to agree the Maximum Import Capacity which would then be applied from the date of their change in measurement class."</p> <p>The proposer of DCP 248 noted that his organisation is content that the alternative options are consistent with the intent of the CP. It was noted that the deferral of DCP 161 has enabled the working group to develop these alternative options.</p> <p>It was noted that it is within the scope of the Working Group to refine and develop the solution, which might entail deviating from the original intent. Where this is the case Panel approval may be required to ensure that the deviation is within the scope of what is permitted.</p>
SSE Energy Supply	Yes	Noted
Western Power Distribution	yes	Noted
<p><b>Summary:</b> 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.</p>		

Company	2. Are you supportive of the principles of DCP 248?	Working Group Comments
British Gas	Yes	Noted
SP Distribution and SP Manweb	We fully support the principles of DCP 248, to ensure that impacted P272 customers are not over-charged for DUoS.	Noted
The Electricity Network Company	Only in part. We set out our views more fully in our response to the questions	Noted
Gazprom Energy	Yes.	Noted
ESP Electricity	We are supportive of the intent to improve the customer experience of the transfer to the new HH tariffs introduced under DCP179, P272 and P300. However, whilst we are supportive of the principles of improving customer experience, this CP will not provide a better experience as it could lead to changing what has already been communicated to customers and lead to confusion and doubt.	The group noted that there could be a potential for confusion, which would apply to all of the options.
UK Power Networks	It is not clear from the consultation what those principles are. The title of the change identifies “inappropriate capacity charges” but the solutions proposed seem to attempt to deal with unforeseen or unexpected capacity charges arising from a lack of engagement. Some of the capacity charges it seeks to amend or avoid may be entirely appropriate e.g. where a capacity value exists for the site, particularly if recently agreed via a connection agreement. There are two concerns with implementing P272, customers for	With regards to the respondent’s comment on avoiding sites where the capacity charge may be appropriate, it was noted that the reason for this is the simplicity of application.  It was also noted that with regards to the 12 month period, it may not be necessary for those customers that engage but for those customers that do not actively engage then this full time period may be needed.

	<p>whom a capacity record is not available and customers whose capacity value has not been considered by them for some time. We agree that those customers may not be aware of any concerns until they receive an invoice from their supplier stating the MIC (if indeed they do receive such an invoice). However, it is not clear why those customers would need a full 12 months to determine their capacity requirement. They will have had half hourly metering installed since 2014 and so presumably MD data already exists for a 12 month period and can be made available to them by their supplier. Therefore they should be able to determine their capacity requirement within 3 months of transitioning under P272, if not before, and if MD data is not available to them this should be for the supplier to resolve.</p> <p>Moreover, as implementation of P272 has been related to contract renewal/negotiation etc., in those cases where this is the case, the customer will be engaged in the process and the impact of capacity charges can be discussed by the suppliers.</p> <p>It should be noted that MIC is a matter between the customer and the distributor and is subject to conditions imposed via the Electricity Act and the National Terms Of Connection. DUoS charging is a matter between the distributor and the supplier. It is not appropriate to confuse the two. The DUoS methodology should keep its focus on tariffs and rates and not stray further into matters of capacity.</p> <p>It seems this change is an attempt to mitigate a perceived impact that could, if raised in a timely manner, have been properly solved via the capacity charge rates.</p> <p>More concerning, it is not clear that the “protection” this CP envisages will be passed on to customers in every case by all Suppliers.</p>	<p>It was noted that there is a difference between the capacity in options 2 to 3 from Option 1. In Options 2 and 3 there are not formal agreed capacity values but rather figures to be used in the interim for billing purposes.</p> <p>A Working Group member highlighted that some customers have already been contacted and have agreed a way forward. To start contacting them again to discuss a different approach may cause confusion. In response, it was suggested that the benefits to customers in terms of not being over charged outweighs this potential confusion. It was agreed that the DCP 248 Change Report should capture these two views.</p> <p>An attendee flagged that a large number of the customers that have been written to informing them what their capacity will be deemed to be have not responded. Having the ability for the customer to come back over a 12 month period to agree their MIC puts the onus on the customer to keep their MIC at an appropriate value.</p> <p>Counter to this, it was suggested that there is a real risk that a significant number of these customers will not engage in time to make use of the protection offered under Option 1. For this reason the other options should be considered.</p> <p>It was cautioned that the group is transitioning through a difficult change. If the approach chosen is one where the industry retains more money that it would if actual consumption values were allowed to come out over time, then this would not reflect well on the industry.</p> <p>It was suggested that the scale of the change brought about by P272 means that customers that are less likely to engage may be impacted</p>
--	--	--

		<p>and may be subject to levels for maximum import capacity that are not appropriate for their needs.</p> <p>It was queried whether this would be the case at the end of the 12 month period for options 2 to 4 as well. In response, it was explained that DNOs will be in a better place to deem an appropriate value as they will have 12 months data on which to base this deemed value.</p> <p>A DNO Working Group member expressed their concerns that this is contrary to DCP 115. In response it was highlighted that other DNOs are comfortable that the proposal is not counter to 115 (Under-utilisation). It was agreed that this should be captured in the Change Report.</p> <p>The Ofgem represented queried whether a refund would be handed back by Suppliers and how this would be dealt with. In response, it was noted that there are other questions where it is more relevant to pick this topic up.</p>
<p>Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc</p>	<p>We support the principles of the original CP as raised (now Option 1).</p>	<p>Noted</p>
<p>Opus</p>	<p>We are supportive of the principles of DCP 248 but would not be</p>	<p>Noted</p>

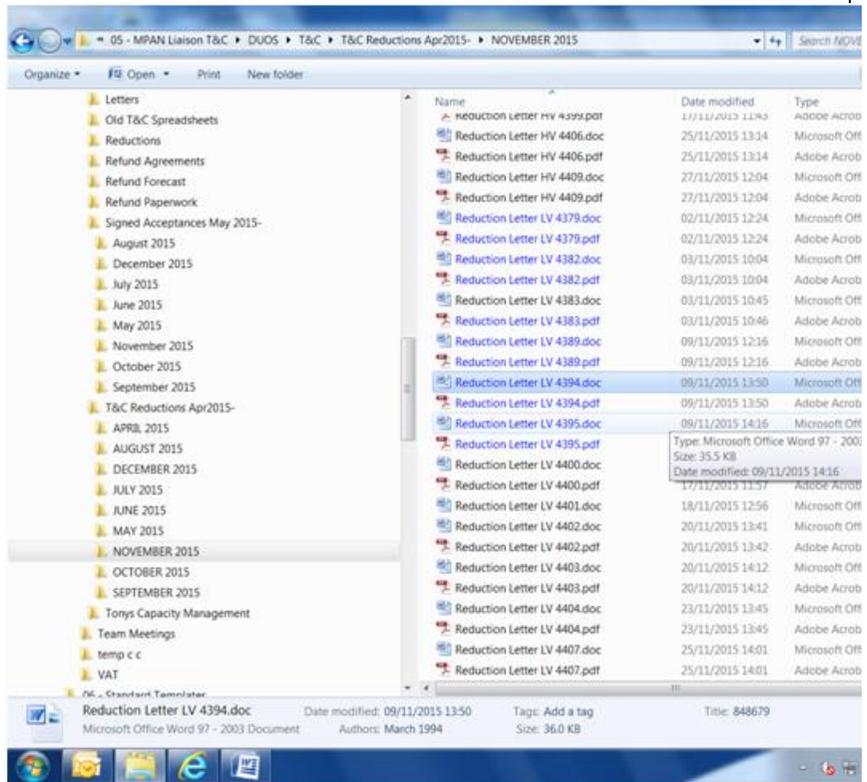
Energy Ltd	supportive of Option 1, given our concerns with the proposed retrospective billing elements as referenced in our response to question 3.	
Northern Powergrid Northeast and Yorkshire	Yes, however we do believe a satisfactory outcome for the customer could be achieved via the industry, in particular DNOs and suppliers, working together.	<p>The respondent further explained that they feel that there is something that DNOs and Suppliers as an industry can do to target the customers that are moving sooner to ensure that they are engaged. The respondent highlighted that they have requested Suppliers' migration plans so that they could target the customers that are moving sooner but this has not been forthcoming.</p> <p>A Supplier Working Group member noted that their organisation is currently looking into this request.</p> <p>Another Supplier member noted that customers are migrated based on when they renew their contract, however, as it is not known if they will renew it can't be confirmed whether they will be migrated.</p> <p>It was suggested that if the DNOs are provided with a list of customers and their contract end dates then the DNOs would know what to expect. It would not matter whether the customer stays with the current Supplier or moves to a new Supplier from the DNO perspective, as at the point where the contract ends the Supplier is likely to migrate them to one of the new measurement classes.</p> <p>Concerns were flagged as to whether it is appropriate for Suppliers to provide DNOs with data on their customers. In response, it was noted that DNOs have this data for many customers already.</p>
Npower Ltd	Yes.	Noted

<p>Scottish Power Energy Retail Limited</p>	<p>We are broadly supportive of the intent of this DCP</p>	<p>Noted</p>
<p>SmartestEnergy</p>	<p>Yes</p>	<p>Noted</p>
<p>Electricity North West</p>	<p>No, Electricity North West do not support the principles of DCP 248. There is no exceptional circumstance being created by P272. The Distributor has an Electricity Act obligation to maintain a connection. As part of that obligation Distributors have connection agreements in place, in the main via the National Terms of Connection, and an obligation contained within them to agree a capacity (be it import or export) for that connection.</p> <p>Up until the introduction of the Common Distribution Charging Methodology in 2010, Suppliers of Profile Class (PC) 5-8 customers in our area have had a capacity charge as part of the tariff. We continue to create pseudo bills (that are not sent to the Supplier) to calculate what the capacity is for each PC5-8 customer in order for us to manage the network and contact customers as part of managing the connection agreements.</p> <p>There are constant references to P272 yet no reference to P322 which deferred the implementation period of P272. Suppliers are obliged under the latter to provide a roll out plan for the deferred implementation. Distributors have repeatedly requested a high level understanding of that plan so that continued engagement can be made closer to the time for the ‘potentially’ affected customers as part of a co-ordinated communications plan. This has been rejected at every request. As a consequence of this we have written to our CT metered PC5-8 customers notifying them of the industry changes to charge Suppliers for Use of System and that these charges ‘may’ be</p>	<p>The Working Group noted that ENWL do not support the principles of DCP 248.</p> <p>With regards to the comment that no exceptional circumstance is being created by P272, the Working Group members disagreed with this comment.</p> <p>It was noted that migration plans were discussed against an earlier consultation question response.</p> <p>With regards to the suggestion that this change could be seen as putting billing ahead of the Electricity Act obligations and connection agreement negotiations surrounding the management of site capacity, it was noted that the CP seeks only to provide protection to customers affected by these exceptional circumstances.</p> <p>It was noted that under DCUSA there is not the ability to govern Suppliers’ contracts with their customers. It was noted that fundamental to the customer experience is that savings are passed on to them, however, the DCUSA does not have the ability to mandate that Suppliers pass this on. It was suggested that it would be difficult for Suppliers to systematically retain this money, particularly with the industry awareness of this change.</p>

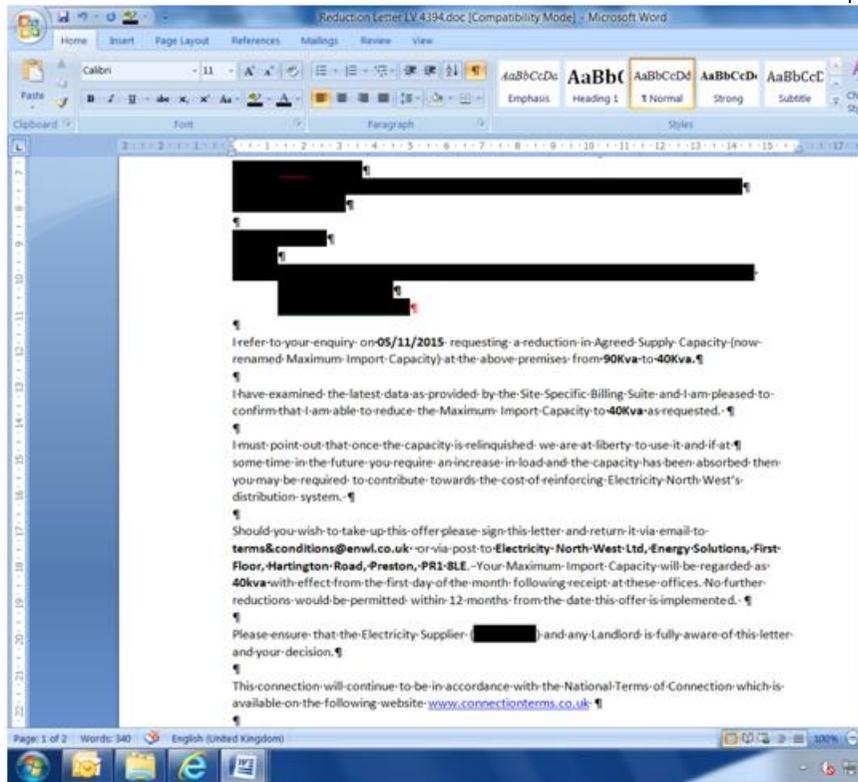
	<p>passed onto them. Included within that communication is the capacity that we hold for their site. We have received very few responses to this.</p> <p>This change could be seen as putting billing ahead of our Electricity Act obligations and connection agreement negotiations surrounding the management of site capacity.</p> <p>There is no understanding as to whether capacity charges are indeed within customer bills and we would seek any change to ensure that where there would be a benefit to the customer any retrospective billing undertaken by Distributors is then passed onto the customer by the Supplier and not seen as a windfall.</p> <p>When we looked at our data analysis associated with HH customers during DCP114/115 we found that 50% of customers were above their agreed capacity and 50% below even though they were picking up capacity charges. Those above give cause for concern especially if they affect the network hence the introduction of DCP161. Those below choose still to maintain that capacity for a number of reasons. Those reasons may not be billing related because they could save money by reducing the capacity if they have a tariff that would pass through such charges. In the main they were happy to have such a capacity in case of an upturn in business, or when they receive an order that uses plant specific equipment for that purpose which may only occur on a random basis.</p> <p>A recent example of this is where we received a letter requesting a reduction in capacity for in this instance a Half-hourly customer but the principle is the same. They have a number of sites and provided the following information:</p> <table border="1" data-bbox="347 1177 1097 1359"> <thead> <tr> <th>Authorised MIC</th> <th>Maximum KVA</th> <th>Required Capacity</th> </tr> </thead> <tbody> <tr> <td>500kVA</td> <td>269.8kVA</td> <td>400kVA</td> </tr> <tr> <td>550kVA</td> <td>325.6kVA</td> <td>500kVA</td> </tr> <tr> <td>300kVA</td> <td>124.4kVA</td> <td>200kVA</td> </tr> <tr> <td>350kVA</td> <td>221.2kVA</td> <td>300kVA</td> </tr> </tbody> </table>	Authorised MIC	Maximum KVA	Required Capacity	500kVA	269.8kVA	400kVA	550kVA	325.6kVA	500kVA	300kVA	124.4kVA	200kVA	350kVA	221.2kVA	300kVA	<p>It was noted that not charging the higher capacity immediately may reduce engagement, as customers are more likely to engage if they become aware that they are paying too much.</p> <p>It was queried whether DNOs would be able to back bill under option 1 if it is found that the deemed MIC was too low. In response, it was noted that the retrospective element under option 1 does not apply for increases (i.e. it only applies to reductions). For the other options there is not retrospective element requirement.</p> <p>With regards to the point that customers do not generally agree a MIC that is exactly in line with their maximum demand (i.e. you would expect some degree of head room), the Working Group noted that this was a valid point. It was observed that it is up to the customer to determine how much headroom this require. It was suggested that regardless of which ever option is taken forward under DCP 248, in the final enduring world it is likely that customers will consciously decide to agree a MIC that is higher than their actual demand. DCP 248 seeks to put in place appropriate interim arrangements to give customers time to agree an enduring figure.</p> <p>The Working Group noted the respondent’s view that there has been sufficient time for engagement following P272 and that DCP 248 should therefore not be required. The group discussed this point and noted that a reasonable amount of time has passed but at present a significant number of customers have not engaged to agree an appropriate MIC figure. Part of the reason for this may be due to the management of the process but the other part may be because industry parties do not have the correct contact details to properly engage with the appropriate representative from customers. Based on the current situation, it needs to be considered the extent of protection that should be offered to customers.</p>
Authorised MIC	Maximum KVA	Required Capacity															
500kVA	269.8kVA	400kVA															
550kVA	325.6kVA	500kVA															
300kVA	124.4kVA	200kVA															
350kVA	221.2kVA	300kVA															

	<p>140kVA                  69.8kVA                  100kVA</p> <p>Customers do not request a reduction to match their highest capacity value used during the last twelve months, they consider their business as a whole.</p> <p>These are typical examples and we could provide other reasons if requested to do so. It must be remembered that these are customers whose Suppliers already receive a capacity charge as part of their tariff, so there is evidence to say that the rationale for this change is unjustified. We pick this up in more detail later in our response.</p> <p>The delay in delivering P272 (introduced by P322) should allow for such an engagement by Suppliers with customers as part of the contract round when tendering for the energy contract. This is the time when customers need to be aware of what their capacity is and whether it forms part of their tariff rather than after the event. Our engagement with customers in notifying them of their capacity should help with this process, however a more focussed joint approach by Suppliers and Distributors would improve the process and customer engagement.</p> <p>The concept of two capacities, one for network and one for billing is not acceptable. We hold one capacity value used by the business for both. Introducing a manual process for a twelve month grace period will create more problems. The thoughts of changing the MIC value held on the system to zero is probably not as bad (it will cause the business to ask a question) as one used for billing (under options 2-4) that may give internal businesses the incorrect value as to what the network has been designed to cater for and may result in planning inaccuracies and the potential for loss of supply, not only for the customer in question but it may also impact the surrounding area.</p> <p>The manual process would have to be in play for over two and a quarter years when you consider that customers can move now, with the end date of P322 being April 2017 (plus a further twelve months from then per this change proposal) assuming that all customers are</p>	<p>With regards to the respondent’s concerns on the impact of network planning and management, it was noted that a work around would be required.</p> <p>The Working Group noted the respondents point regarding the expected duration of the work around and the manual nature of this. It was noted that this is tied into the duration of the protection offered. From a DNO and Supplier billing perspective any work arounds will be needed for the duration of the protection offered. Whether the duration is appropriate will ultimately be with Ofgem to decide.</p>
--	--	---

	<p>transferred to Half-Hourly settlements by this deadline. We suspect that some will still need to migrate post this date. This is an excessive time period to manage through a workaround when there has been sufficient engagement time post the decision on DCP179 and for those Distributors not holding a capacity value to engage with the customer to do so. It must be remembered that DCP179 was approved in October 2014 and this potential issue was known during the summer of that year.</p> <p>P272 has been blighted by delays. This is just one further step in the process and perhaps is a step too far. Distributors should be allowed to manage this process and if suppliers have customers that have an issue with their capacity it should be forwarded to the Distributor concerned and they will deal with the issue and amend if necessary the Use of System bills.</p> <p>Below is a screen shot of the management of this activity in managing reduction in capacity which seems to be the issue here. This includes both HH sites and PC 5-8 customers. On receipt of acceptance the MIC is amended and a data flow sent to the Supplier in line with the DCUSA.</p>	
--	--	--



And this screen shot shows that we continue to manage PC 5-8 customers:



3  
 Consideration needs to be given to allow Distributors to continue to manage this process and not create further work and potential customer confusion during the migration to HH settlements and the charging of capacity.

SSE Energy Supply	Yes. We support the principle of protecting customers from incorrect Available Capacity billing. However we are concerned about the practicality of implementing some of the solutions.	Noted
-------------------	---	-------

Western Power Distribution	yes	Noted
<b>Company</b>	<p><b>3. What is your preferred option (please provide your rationale):</b></p> <ul style="list-style-type: none"> <li>Option 1 - A 12 month grace period to allow retrospective reductions to MIC</li> <li>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</li> <li>Option 3 – A 12 month grace period. Setting MIC to zero for the duration of the grace period.</li> <li>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.</li> </ul>	<b>Working Group Comments</b>
British Gas	<p>From a customer perspective we consider option 3 provides the most protection and will facilitate the smoothest transition to HH settlement and the best customer experience of implementation of P272. Option 3 would therefore be our first preference. Options 2 and 4 are likely to be slightly easier to bill for some suppliers as they will reduce the number of instances of excess capacity and given that they provide a similar level of customer protection as option 3, we would also support either of those two options (although if option 4 is taken forward, we believe sub-option 4A is the one which should be implemented, as this sub-option provides the most consistent treatment of customers if option 4 is taken forward).</p> <p>Options 2, 3, and 4 all ensure that customers are protected from inappropriate levels of capacity charges from the outset and do not require the significant amount of rebilling/reconciliation that comes</p>	

	<p>with option 1 and as such will be easier to implement. These options will also allow customers and DNOs both the time and data required in order to set an appropriate enduring MIC at the end of the 12 month grace period – for instance we are experiencing instances where customers are not happy with the MD data they have available to enable them to agree a MIC, and yet they are being required to agree one anyway, causing some distress. Even in situations where customers do not engage with the process they will be protected from inappropriate levels of capacity charges which are not commensurate with their level of demand as DNOs will be in possession of sufficient actual data to be able to set an appropriate enduring MIC.</p>	
<p>SP Distributi on and SP Manweb</p>	<p>Option 1 is our preferred option. The rationale is as follows;</p> <ul style="list-style-type: none"> <li>• We have already written to our customers advising what the MIC will be.</li> <li>• Agreement of the MIC has already been agreed with hundreds of customers.</li> <li>• This option allows the customer a grace period of 12 months, to retrospectively change the MIC, and for the DNO to re-bill the supplier who can then re-bill the customer.</li> <li>• Only Option 1 makes initial contact with the customer to inform them of the MIC, prior to any billing. Furthermore, the other options require the DNOs to reconsider every customers MIC at the end of their grace period, which will be a different time for each customer, depending when each customer switched to HH. This will be a big administration task to control and requires all the customers to be contacted to confirm what their new MIC will be. In Option 1, only those customers who contact the DNO, (and it is the customer’s responsibility to do so), will require action. Additionally all of the new MIC will need to be agreed prior to April 18, when</li> </ul>	

	<p>the exceeded capacity charge will be greater than the capacity charge, therefore the other options will have a short time to agree the MIC prior to the April 18 invoice.</p> <ul style="list-style-type: none"> <li>Option 2, has a risk that the first months Maximum Demand, which will become the MIC, may well be based on estimated data, as the HHDC does not have everything in place to dial the meter, or that the 1<sup>st</sup> period billed is only for a few days and does not reflect the true MD. The estimated readings will probably not reflect the actual readings, and those estimates will in due course be replaced by actual reads, though the MIC will be based on the estimates. This also involves double the amount of work for the DNO, as they need to set the MIC initially as zero, and then reset the MIC after the first bill is issued. There are no DUOS rebills at the end of the grace period in this option, which makes it simpler for the DNO, supplier and the end customer.</li> </ul> <p>Option 3, delays agreeing the MIC until the grace period is ended for each customer, and sets the initial MIC as zero. The advantage of this option is that the customer only pays MIC charges for what they use each month and therefore cannot be over-charged, and additionally there are no DUOS re-bills required. The disadvantage is that we delay correspondence with the customer for a year, when we have time to do so just now, (also the customer at the end of the grace period may have changed) and that the DNO needs to control when every customer reaches their grace period, which will differ for every customer, and then assess what the MIC should be for the future. It also risks upsetting any customer who has agreed their MIC in the last 12 months, since they will be charged at zero MIC for the year. This also has DNO reporting issues, as the excess capacity value will be inflated, since the MIC is set as zero.</p>	
The	Option 1 is our preferred option. We do not support option 2 where	

<p>Electricity Network Company</p>	<p>previous demand data is available, or where a connection agreement is in place then the MIC should be based on that information. To not do so would be unduly discriminatory against other HH customers. Also, where the MIC has been previously agreed (either implicitly through max demand charges or through the connection agreement) the customer should not have the entitlement to lower MIC charges whilst a higher MIC is contractually provided.</p> <p>We do not support Option 3. Our objections are on the same basis as our objections against option 2.</p> <p>We do not support Option 4. Whilst we believe Option 4D may have some attractions, given that option 1 is already being implemented, it would cause confusion and be unhelpful to customers if a different approach was adopted now. Additionally there is no certainty that the approaches proposed under option 4 would result in solutions that are any more correct than the approach under option 1. Load Factors for PC 5-8 customers are likely to be very variable. It is more likely that PC 5-8 customers with high load factors are more likely to have migrated to HH already since they will see benefits in tariff reductions. Therefore, current PC 5-8 customers are more likely to have lower load factors (compared to the break-even load factor for a HH tariff) and as a consequence more likely to see increases in their DUoS charges.</p> <p>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. This is an important point because under RIIO ED1 HH customers who bring about the need for system reinforcement will have to fund it whereas NHH customer do not.</p>	
<p>Gazprom</p>	<p>We believe it is appropriate that customers are afforded some</p>	

<p>Energy</p>	<p>protection during the transition phase of P272. As indicated in the consultation document around half of the proposed Maximum Import Capacity (MIC) figures are based on historic MIC customers. Many of these properties will have undergone a change of tenancy or the usage may have changed significantly since these were put in place. We do not think these are reliable or accurate figures on which to set DUoS capacity charges for these customers without some form of protection being in place. While for those that have been “deemed” by the DNO, a whole range of methodologies have been used with inconsistency from one DNO to another.</p> <p>Therefore, our strong preference is for Option 1. This is the cleanest and simplest solution which we think is essential for easing the transition from NHH to HH for the affected customers.</p> <p>This approach aligns with what has already been communicated to customers by both DNOs and suppliers that the figure sent to them via letter or email will be the initial figure billed to suppliers following the Change of Measurement Class (COMC).</p> <p>In addition it should prevent confusion that may occur should customers start seeing significant excess capacity figures showing on their invoice, with actual capacity figures potentially showing as zero. Customers would have a clear 12 month period from the COMC date in which they could agree a reduced MIC and for it to be applied retrospectively to align with the change to HH settlement. This will allow customers to see close to 12 months of billing data and allow them to make a more informed decision as to the MIC figure required for their MPAN.</p> <p>We are not in favour of Options 2, 3 or 4. We believe these will create additional complexity alongside an already complicated industry change. We also believe there would be additional resource required internally to administer these options with an increase in the billed volume that relates to ‘excess capacity’ charges.</p>	
---------------	--	--

<p>ESP Electricity</p>	<p>Option 4 is the preferred option, and the one being implemented currently by ESPE. ESPE has requested maximum demand (MD) and maximum import capacities (MICs) from all suppliers. ESPE does not hold the MD data in internal systems and requires the supplier to confirm the data they have obtained from the meter readings (on the assumption there is MD functionality in the meter). Not all suppliers have responded to ESPE’s request. Some suppliers indicated they had no record of the MD data and therefore ESPE made a decision to set the capacity at 71kVA from the date of transfer. We would review this going forward and amend accordingly via discussions with the customer if need be.</p> <p>For those suppliers that did provide figures on the actual MD/agreed capacity, ESPE will apply this figure to the customer’s MPAN. ESPE’s letter to the customer provided them with an opportunity to agree/disagree with the application of the agreed capacities applied. To date, ESPE has not received any queries/communications from customers.</p>	
<p>UK Power Networks</p>	<p>Option 1. This is the only option that recognises the link between connection agreements, statutory processes and charging. 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. The Electricity Act requires the customer to state the capacity that they require. This capacity is then maintained until varied. When a new customer occupies a premises that new customer enjoys the</p>	

	<p>same level of capacity until varied. If this were not the case, every change of ownership or occupancy would require a connection application and premises would not be able to be sold on the understanding of being fit for use.</p> <p>Some customers now face a capacity charge that they didn't face before. They have the opportunity to vary their capacity in the same way as other customers moving into premises who face a capacity charge. However we are sympathetic to this being new to those customers and are content with Option 1.</p> <p>All of the other options are disproportionate in giving a benefit to all customers rather than just those who wish to vary their MIC.</p> <p>Option 2 is arbitrary. The first month could be non-reflective of the customer's use.</p> <p>Option 3 is merely a removal of capacity charges altogether. This could have been addressed via the charge rates if desired.</p> <p>Option 4 pre-supposes suppliers have MD data. If so in many cases they have yet to share it with us, as we have only received data from two big 6 suppliers and a handful of smaller suppliers. The big 6 supplier data each had less than 50% coverage of MDs and around 5% of customers with MDs in excess of 100kVA. Consequently this option discriminates between those customers for which the supplier has this data and those for which it does not.</p> <p>It is also unclear under these options what happens at the end of the 12 month grace period. For example what if the customer had a low MD in the first month but after 12 months agrees or accepts the higher value that DNO had intended to apply originally, based on capacity records or connection agreements. These options merely give that customer a year's let off from the appropriate capacity charges. That is a tariff matter not a MIC matter.</p>	
--	---	--

<p>Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc</p>	<p><b>Option1.</b>                  All of the Options presented have merits but, in our view, the most easily understood and applied approach should be adopted and we see this as Option 1. From our experience to date, there has already been considerable customer confusion from the changes driven by P272. It is clear that a large proportion of customers affected by the changes are not familiar with the detailed workings of electricity charging arrangements and bespoke communication on a one-to-one basis with these customers is not practically achievable. The suggestion in other Options to effectively disregard capacity values in recent connection agreements (potentially on a temporary basis only) is very hard to justify in the real world. As such, the straight forward, easily understood approach of Option 1 is therefore the most appropriate solution.</p>	
<p>Opus Energy Ltd</p>	<p><b>Benefits of option 3</b>                  Option 3 is our preferred option.                  The benefit of Option 3 is that because the MIC is set to zero for the entire proposed 12 month grace period, with excess capacity charges (i.e. the true capacity charges for that month) applied during that period (i.e., billed in arrears). This should reduce the risk of customers being charged inappropriate capacity charges. (Because DCP 161 has been deferred until 2018 excess capacity would be charged at the standard rate per kVA meaning that customers should not be adversely impacted).                  At the end of the proposed 12 month grace period, engaged customers without a previously agreed MIC can agree an enduring MIC (with no retrospective element as it will be applied after the grace period).                  Non-engaged customers without a previously agreed MIC will have their MIC deemed by the DNO (which will then have 12 months data</p>	

	to support this process).	
Northern Powergrid Northeast and Yorkshire	<p>We believe that option 1 is the only option that should be considered. There are several reasons for this:</p> <ol style="list-style-type: none"> <li>1. The other options would be at odds with the fact that DNO letters have been sent out and in many cases the MICs have been agreed. Changes to this now would not be acceptable to most customers and potentially reflect negatively on the industry (in particular option 3).</li> <li>2. We believe that we (DNOs) should be working together with suppliers given the delay in the implementation of DCP 161 and there is now more time to ensure we get this right.</li> <li>3. It would help greatly if suppliers would share their migration plans with DNOs so that the customers moving sooner can be contacted first.</li> <li>4. We should be looking to give the customers a good experience and help them to understand what and why these changes are happening.</li> <li>5. Option 4 seems excessively complicated and prone to misinterpretation and could lead to more confusion.</li> <li>6. Customers will not be paying anything until the supplier changes the Measurement Class so there is still time to get this right if suppliers provide their migration plans.</li> </ol> <p>Other than option 1, all options would potentially require further mass customer engagement to agree a suitable MIC, albeit in a much shorter time period.</p>	
Npower Ltd	<p>All of the options suggested would be an improvement on the current situation. Preferred – Option 3. Option 3 appears the simplest broad market approach (preference over Option 2 and 4 is negligible). The advantage of benefiting both engaged and unengaged customers drives this preference.</p>	

	<p>Disadvantage of Option 3 is that the customer will see all capacity as excess rather than both agreed capacity and excess within billing arrangements.</p> <p>Option 1 will not benefit unengaged customers and as a result they will not be appropriately reconciled. Potentially manual back billing processes can be disruptive to the customer.</p> <p>Option 2 is likely to generate invoices with both agreed and excess capacity further familiarizing customers with the concept prior to the application of a penal excess rate. We are uncertain why this option will apply to all P272 customers regardless of any previously agreed MIC and options 3 and 4 do not.</p> <p>Option 4 appears complex without increased benefit.</p>	
Scottish Power Energy Retail Limited	<p>Scottish Power Energy Retail's preferred option is to proceed with Option 1. We believe this option employs values that are currently in operation between customers and Distribution Network Operators. In addition we believe that this option provides a level of protection against the occurrence of erroneous MIC charges to CT Metered customers impacted by P272 by allowing a retrospective adjustment. It is our view that options 2, 3 &amp; 4 do not offer the same level of price protection for customers as these options are more likely to lead to a change in a customer's billing from what they originally accepted as part of their supply contract.</p>	
SmartestEnergy	<p>Our preferred option is Option 1.</p>	
Electricity North West	<p>Our stance at this time is to be not supportive of any option and we will manage the relationship with the customer in line with our obligations under the National Terms of Connection.</p> <p>Of the options being debated within this change proposal, notwithstanding our comment on whether options 2-4 meet the intent</p>	

	<p>we have the following observations:</p> <p>We believe that <b>Option 1</b> is the only viable option but under certain conditions. The option being proposed is only one way i.e. agreeing a reduction. As indicated above, and repeated here due to its importance, under the National Terms of Connection, Distributors are obligated to provide the capacity agreed at the time of connection, or subsequently amended by mutual consent with the customer from time to time. Customers are obligated not to exceed their MIC and to apply for a variation or modification to the connection agreement if their MIC is no longer sufficient for their requirements which may result in network re-enforcement. Similarly they can seek a reduction in their capacity. You cannot just decide to change the value just to accommodate billing.</p> <p>As these customers have not incurred a capacity based charge for a number of years (five in our case) there has not been an incentive on customers to manage this unless it started to affect their security of supply'. Customers will therefore have varying degrees of knowledge on the subject. It is our understanding that Distributors and Suppliers have endeavoured to notify all effected customers about the implications of P272 and the importance of ensuring that their MIC is appropriate for their needs. It is appreciated that not all customers will act on the notification (this has been proven to be the case based on our communication with them) and indeed we as Distributors have no knowledge as to whether there is a MIC charge as part of the tariff arrangements with them. To that end we have sympathy with customers in this area and as such could support Option 1 which provides retrospective reductions to be applied to bills <b>subject to an obligation being placed on Suppliers to onwardly credit the customer with such a reduction.</b> This is to ensure that Suppliers do not see a windfall of cash because they do not have MIC charges forming part of their tariff arrangements with the customer or indeed have some other form of contractual arrangement preventing such a</p>	
--	--	--

	<p>benefit being made to the customer. Suppliers seem to see this as a one way street and as such do not consider any need to back-date instances where the MIC is in excess of the initial capacity which could well be the case under some of the other options being considered during this consultation. We believe the premise on which this proposal is based (i.e. that customer's average Maximum Demand (MD) is substantially less than the average MIC therefore customers will be erroneously over-charged) is an over-simplistic view as there will be genuine cases where customers wish to retain MIC values significantly higher than their MD, such as for exceptional occasions where in-house generation fails, units being partly or wholly unoccupied on a temporary basis, to cater for increased productivity when the economy picks up or the customer gains orders where specialised plant is utilised.</p> <p>At a high level, our own analysis has shown that if the MD over an historic 24 month window replaced the MIC for billing purposes that our customers would be worse off by c17%.</p> <p>We would like to understand further the working group's analysis under section 5 of the consultation document since we use historical MICs and the analysis undertaken infers circa 107% i.e. over double the value under this category. We would have expected further analysis on the customer impact associated with this change at Distributor level and the methodology each uses to determine whether it is a methodology issue associated with a specific Distributor or more widespread concern.</p> <p>Similarly, in table 1 of the consultation document, on row 2 covering historic MICs we have a band of 78-132KVA resulting in an average MIC of 100KVA. It must be remembered that any MIC that is over 100kW must be on Measurement Class C and as such Suppliers have a Balancing &amp; Settlement Code obligation to ensure that this is the case. All such instances must be removed from any such analysis because it is skewing the results and as such these sites are not</p>	
--	---	--

	<p>impacted by DCP179 or indeed P272 since they should not be classed as PC 5-8 customers. This also puts the data on the calculated bills into question especially those associated with Option 1 where 100KVA is being assumed as the MIC value.</p> <p>The impact on customer bills only looks at the impacted section i.e. the MIC and does not reflect this as a percentage of the overall bill. Until we understand whether this represents 0.5%, 5% or 50% of the bill we do not understand the materiality of the perceived issue.</p> <p>The other options (2-4) involve overwriting MIC data for billing purposes which we believe could cause major data assurance issues. Certainly the IT system used by us 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. This could also have a detrimental impact on the customer experience due to previously agreed MIC values not being applied and the potential to introduce billing errors due to manual processes following the cessation of the grace period.</p> <p>As indicated in an earlier response we would also have further internal process considerations to factor into such an arrangement regarding the use of the MIC value when assessing network requirements. If this is moved off line an extensive education programme needs to take place to make it clear that the value we usually see on the IT system may not be the value we have agreed previously for each site. This is not tenable.</p> <p>These alternate options also assume that all customers will have been migrated by March 2017 and therefore any over-billing will only apply</p>	
--	---	--

	<p>to customers who have a higher MIC than they require (as excess capacity charges will not commence until 1 April 2018). If however there is a delay in migrating customers then there is potential for customers to be substantially over-charged and then having to be recompensed (but not in all cases) after the grace period by incurring excess capacity charges which would have been avoided via Option 1. Once again the above assumes that customers receive such a charge from the Supplier.</p> <p>Specific issues with each option are:</p> <p><b>Option 2</b> – using the first months bill – this may not be the highest value so excess capacity kicks in. Having existing customers requesting their MIC again is not good customer service. At the end of all this, the Distributor would have to determine what that MIC needs to be if no engagement is forthcoming. It once again is concerned with billing and not network management. Why would this option not result in any rebilling? Instead the customer has to wait until after the twelve months to amend the MIC which is not in line with our current practice of agreeing a change with effect from the first day of the following month, not aligned to the change proposal intent and not in the spirit of the National Terms of Connection.</p> <p><b>Option 3</b>- from a system perspective this is a simple option but significantly impacts network management since both parts of the business use the MIC value on the system. This will also impact customers especially those we already have a MIC with and the network installed to accommodate such arrangements may not be recovering the expected Use of System for such arrangements. Again we have the issue of the agreed MIC only being used at the end of the twelve month period.</p> <p><b>Option 4</b> – this is not a Supplier obligation it is a Distributor obligation and we do not support this unless it is alluding to the use of metering data whereby the MD can be provided or calculated. We then see four further options making the number being considered eight.</p>	
--	---	--

	<p>There seems to be that many variants being considered here that it looks like an administrative nightmare. Similar concerns as those raised earlier on the other options equally apply here.</p> <p>We do not see the point of some of these proposals suggesting that only Option 1 results in credits and the others do not. All of the options are an attempt to manage billing concerns where no MIC is available. 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.</p>	
SSE Energy Supply	<p>Option 1. It's already too late to implement the other options as customer billing has already started.</p>	
Western Power Distribution	<p>Option 1, the original idea in the change proposal. There has already been a significant level of stakeholder engagement by DNOs to determine suitable MICs; to then move away from that would potentially be confusing to customers. To base MICs solely on maximum demand data where previously agreed Mics are available does not seem reasonable. The customer has previously agreed to those levels and should be allowed to continue if they wish at that level.</p>	

Company	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
British Gas	<p>We consider that the current situation where using out of date MICs or default values that are not representative of customers' demands is unacceptable. The analysis presented in the consultation (on</p>	

	<p>average DUoS charges will be £32/month more than is commensurate with the demand customers place on the network) indicates that DNOs will potentially recover £27m/yr (£32 x 12 x 70,000) more from this subset of customers than is reflective of the demand they place on the network. This is not an issue with the structure of HH vs NHH charges which was considered during DCP 179, but simply a case of MICs being applied which are clearly not appropriate. Such analysis was not presented in either of the impact assessments for P272 or DCP179.</p> <p>We believe option 3 provides the greatest level of protection to customers and will facilitate the smoothest transition to HH settlement and the best customer experience of implementation of P272. Regardless of the enduring impact on their DuoS charges, customers will be able to appreciate that Ofgem, DNOs and Suppliers have sought to ensure the smoothest transition available for them. Options 2 and 4 (preference for sub-option 4A) offer similar levels of protection and are also worthy of implementation.</p> <p>Option 1 clearly offers the least amount of protection against inappropriate capacity charges for customers affected by P272 and this is clearly demonstrated by the illustration of the options provided in attachment 4 of the consultation.</p> <p>Attachment 4 presents the DuoS charges that would be applied under each option. The customer assumptions in this illustration are representative of the average MIC and MD for the group of customers for whom the DNO has proposed to use a MIC which has been agreed at any point in the past (historic MIC of 100kVA, MD of 48kVA as set out in table 1 of the consultation). This illustration highlights the potential for significant customer detriment and dissatisfaction with the implementation of P272. Without any form of protection DuoS charges for this subset of customers would be c. £600/yr higher than is representative of their level of demand (compared to an average DuoS charge for PC5-8 customers in 2015/16 of £1,700). If customers</p>	
--	--	--

	<p>do not engage in time they will not be able to reclaim any inappropriate capacity charges they have paid.</p> <p>The protection offered under option 1 is significantly more limited since:</p> <ol style="list-style-type: none"><li>1. It sets out by intentionally charging this subset of customers £27m/yr more than is commensurate with their level of demand – with the protection offered by option 1 being that customers have a limited time period to reclaim some of the inappropriate capacity charges. This clearly offers less protection than the other options which set out to charge in line with customers level of demand.</li><li>2. Only those customers who engage within the grace period will be able to make use of the protection offered.</li><li>3. Customers that do not engage during the grace period could continue to be charged inappropriate capacity charges after the end of the grace period. This is likely to be much more detrimental under option 1, where the MICs being proposed can be more than double the level of customers' demand, compared to the other options where any enduring MIC being deemed after 12 months will be able to make use of 12 months of HH settlement data.</li><li>4. The protection will necessarily be shorter under option 1 than under the alternative options since it requires an agreement to be in place by the end of the grace period – which is likely to mean customers will need to engage with the DNO well before the end of the grace period to make use of the protection. The potential number of agreements required will prolong the normal timetable for such agreements.</li><li>5. Customers who change tenancy within the grace period will necessarily have a lower level of protection as they will need to engage and finalise an agreement with the DNO before</li></ol>	
--	---	--

	<p>they leave the premises.</p> <ol style="list-style-type: none"> <li>6. There is no protection at all offered to customers who move into a property which may just have migrated to HH settlement (see answer to q12).</li> <li>7. Customers who change supplier within the grace period will have much more difficulty in getting a refund of any inappropriate capacity charges they have paid.</li> <li>8. We consider that option 1 will place a significant uneconomic burden on the industry. P272 will result in a c. 60% increase in HH DuoS billed sites. Billing and validation systems will be under increased stress to cope with this. At the extreme Option 1 could result in a similar increase again in required billing but with an even greater administrative cost since rebilling/reconciling will inevitably require manual intervention.</li> </ol> <p>Whilst a materiality threshold is necessary under option 1 to prevent excessive administrative resource and costs for a limited level of protection, any such materiality threshold would naturally reduce the protection offered by option 1 compared to other options.</p>	
<p>SP Distributi on and SP Manweb</p>	<p>Option 3 provides the most financial protection for the customers, as it protects all customers, even if they do not get engaged. Option 1 informs the customer of the MIC and asks the customer to respond, and also allows a 12 month grace period, should they do not respond to the initial letter. This option also provides a significant level of protection.</p>	
<p>The Electricity Network Company</p>	<p>Option 1. Please see our response to Question 3.</p>	
<p>Gazprom</p>	<p>We believe option 1 provides the most protection against</p>	

Energy	inappropriate capacity charges.	
ESP Electricity	<p>Option 3 provides the highest level of protection for the customer in our view. It would set the capacity level to zero for the first year and would not require updating until one year’s full consumption data had been collected (less admin work for the distributor).</p> <p>This would mean that any capacity over zero would be charged at the correct level to the customer. After validating the 12 months of data, an appropriate capacity level could be determined and this new capacity would be communicated to the customer. Under the terms of DCPs 114 and 115 and the amended National Terms of Connection, the distributor can review the capacity being utilised by the customer and can take appropriate actions to negotiate an increase or decrease in capacity with the customer.</p> <p>Option 2 would provide the least level of protection as it applies a capacity level after only one month’s data has been received. The customer’s demand could be variable according to certain influences e.g. seasonally (air conditioners, heaters etc.). The level could be set too high or too low depending on the factors for that particular month. Setting a capacity level to the actual MD could result in disruption on the distribution network. MICs are agreed with regard to the MD, but require a certain amount of headroom for fluctuations in MDs. This allows the network to be managed in an efficient and economical manner as there would be a reduced chance of the capacity being breached on a constant basis</p> <p>However, we do not agree with Options 2 and 3 because we feel that where previous demand data is available, or where a connection agreement is in place then the MIC should be based on that information. To not do so would be unduly discriminatory against other HH customers.</p>	
UK Power	None provide such a “protection” as the definition of “inappropriate”	

Networks	<p>is unclear.</p> <p>Capacity charges are within DuoS. These charges are levied on the supplier. None of the options provide explicit “protection” for customers as none of the options places an obligation on the supplier to pass on any “saving”. Moreover it is not clear how the customer’s physical MIC will be finally agreed or set in the absence of agreement e.g. if their billing MIC is set to a MD used in a 12 month period and that becomes their enduring MIC that may be low e.g. if there were a recession in their particular market for that year.</p>	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	<p>Differences in perceived levels of protection resulting from each option are not particularly material in our view, or sufficient to outweigh concerns relating to excessive complications for customers to understand.</p>	
Opus Energy Ltd	<p>Option 3 provides the most protection against inappropriate capacity charges</p> <p>The MIC is set to zero for the entire proposed 12 month grace period, with excess capacity charges applied for the actual MIC requirement throughout the period (presumably 1 month in arrears). (Because DCP 161 has been deferred until 2018 excess capacity would be charged at the standard rate per kVA so customers should not be adversely impacted).</p>	

	<p>At the end of the 12 month grace period, engaged customers without a previously agreed MIC can agree an enduring MIC (with no retrospective element as it will be applied after the grace period).</p> <p>Non-engaged customers without a previously agreed MIC will have their MIC deemed by the DNO (which will then have 12 months data to support this process).</p> <p>Option 1 provides the least protection against inappropriate capacity charges</p> <p>Under this option, each DNO sets the MIC from month 1, with billing based upon this MIC from month 1 and the customer charged excess capacity charges for any demand in excess of their MIC (throughout the proposed 12 months grace period).</p> <p>Customers would have the 12 months grace period, from COMC, to agree a reduction to their MIC which will be applied retrospectively from date of COMC.</p> <p>Our understanding with this option is that, if the customer’s MIC has been set too high, and so paid too much for their standard capacity charges, that they could have their MIC reduced retrospectively (for up to 12 months) from the date of COMC. However, this retrospective approach would complicate billing and result in some customers potentially being initially overcharged for 12 months.</p>	
<p>Northern Powergrid and Northeast</p>	<p>We believe the approach that Northern Powergrid have taken, which is to look at max demands and combine this with a technical review with regards to fuse sizes etc, is most likely to provide an estimate closest to the actual needs of the customer.</p> <p>In order to provide protection to the customer where a capacity</p>	

<p>Yorkshire</p>	<p>commensurate with their needs has not been used, for whatever reason, we believe only option 1 is viable given the position DNOs are in having contacted customers and in many cases agreed a MIC for DUoS billing purposes. This provides a significant level of protection to customers, and does not undo a lot of the progress and effort made to date.</p> <p>Whilst option 3 arguably offers the greatest level of protection to a customer, now that DCP 161 'Excess Capacity Charges' has been deferred until 1 April 2018, this option is also the least appropriate given the DNO positions with customer engagement and need for further engagement once maximum demands are available for the 12 months after the customer has migrated.</p>	
<p>Npower Ltd</p>	<p>Least protection - Option 1 - This has the advantage of being easily applied to customers who have already migrated to HH as a result of P272.</p> <p>Most protection - Option 2,3,4 - Whilst these options may not be applied to P272 customers who have already migrated to HH settlements, it is applied to all customers and does not need to be initiated by the customer. It will also avoid rebilling activity which could be disruptive.</p> <p>To be determined - The suggested hybrid solution (see Q19) does the same as 2,3,4 but also provides some protection for <u>engaged</u> customers who move to HH prior to this modification being implemented. The risk is that this new option adds additional complexity to the solution.</p>	
<p>Scottish Power Energy Retail Limited</p>	<p><b>Acceptable Option</b></p> <p>Option 1 – ScottishPower considers this to be the optimum option as it uses the values we have already been working with between customers and DNOs and it offers customers the protection of updating any erroneous MICs.</p> <p><b>Unacceptable Options</b></p>	

	<p>Option 2 – Suppliers cannot know the first month’s MD to establish an accurate contract with the customer, therefore the customer may be exposed to over or under charging. There are also issues in updating MIC values in billing after setting the account up. To do this for all customers when the risk of inaccurate MICs relates to a small number of customers is entirely disproportionate.</p> <p>Option 3 – As per option 2 Suppliers will be unable to offer contracts with accurate costs if the capacity were to change each month, thereby creating risks to customers in terms of their pricing. This may also assist DNOs in ensuring accurate capacity on the network. The capacity value on the billing system is not normally dynamic so there are significant system risks in updating this each month and in time for the release of the customer bill. To do this for all customers when the risk of inaccurate MICs relates to a small number of customers is entirely disproportionate.</p> <p>Option 4 – Our view is that this option offers no protection to customers and creates a conflict with the significant cooperative ongoing effort between Suppliers and DNOs to establish correct MIC values prior to CoMC.</p>	
<p>SmartestE nergy</p>	<p>Option 1 is the best option as it formalises the implied obligation on the distributor to correct any erroneous values retrospectively.</p> <p>Option 4 would be the second best option in our view. Ideally, any MIC should be agreed with the customer.</p> <p>Option 2 has some merits but could be inaccurate for customers whose maximum demand varies significantly by season.</p> <p>Options 3 is wholly inappropriate because it does not make any attempt to calculate an accurate value.</p> <p>However, we are very much against option 2, 3 and 4 approaches if they are to be applied to <b>all</b> P272 customers regardless of any previously agreed MIC, including those who have signed a connection</p>	

	agreement within the last 12 months. If an agreement is in place it should be adhered to.	
Electricity North West	<p>The biggest protection is for the:</p> <ul style="list-style-type: none"> <li>• Distributor to manage its Electricity Act and connection agreement obligations, followed by</li> <li>• A joined up industry communication plan associated with P322/P272; and</li> <li>• An understanding as to whether such charges are passed onto customers by suppliers and that where this is the case if any of the options are approved such rebates are mandated to be provided back to the customer.</li> </ul> <p>Regarding the options under this consultation: Option 1 provides the best protection the rest don't result in any protection at all because there is no reconciliation of the previous twelve months but potentially increased costs to customers because the MIC is maintained for twelve months. We believe that all of the other options do not meet the intent of this change proposal and await with interest the outcome of the working group thoughts on this.</p>	
SSE Energy Supply	Option 1 is the only workable solution. The other options require changes to Supplier & Distributor billing systems which may take several months.	
Western Power Distributi on	All options provide levels of protection for consumers, but option 1 would provide the most as it allows for customers with previously agreed MICs to continue at that level. Options 2 and 3 move away from that, whilst option 3 is unfair against other customers on existing HH tariffs who don't have that option.	

Company	5. Do you have any comments on the proposed legal text for each of the options?	6.
British Gas	No	
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.	
The Electricity Network Company	<p>We provide comments on Option 1 only since we believe options 2 and 3 are fundamentally flawed and, we do not support option 4 as being the option that best meets the objectives option 4 is inappropriate:</p> <p><b>Definitions</b></p> <p>We believe there are inconsistencies in the use of the terms “P272” and “CT Metered sites”. This for the following reasons:</p> <ol style="list-style-type: none"> <li>Standard licence condition 12 (paragraphs 12.17 through to 12.24) of the supply licence covers the use of advance meters to “<i>relevant premises</i>” (premises where electricity taken is settled on profile classes 5-8). Paragraph 12.21 requires that from 6 April 2014 that for all such relevant premises the supplier “...must not supply electricity other than through an advanced meter”.</li> <li>There is no differentiation between sites which are metered through a Current Transformer Electricity Meter and sites which are metered through a whole current meter.</li> <li>The language used in the definition of P272 uses the description of the modification proposal rather than the modification proposal title. (See Elexon website:</li> </ol>	

	<p><a href="https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/">https://www.elexon.co.uk/mod-proposal/p272-mandatory-half-hourly-settlement-for-profile-classes-5-8/.</a>)</p> <p>We think the definition is imprecise and inaccurate. For example “capable metering” is not defined. We think the definition should refer to the modification proposal title:  <b>“BSC Modification Proposal P272: means modification proposal ‘P272, Mandatory Half Hourly Settlement for Profile Classes 5-8’ raised pursuant to the governance arrangements of the BSC and subsequently approved by the Authority”.</b></p> <p>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”.</p> <p>4. We suggest modifications to drafting under option 1 as follows:</p> <p><u>“Where a customer is the owner or occupier of a premises where the electricity conveyed to the premises is recorded through Current Transformer Electricity Metering, and the Metering Point for such premises <del>For any CT metered site which</del> has been migrated to a site specific HH DUoS tariff <sup>comment A</sup> as a result of BSC Modification Proposal P272, <del>the rules in the application of</del> paragraphs 149 and 150 <del>above relating to the MIC will apply</del> <u>is</u> subject to the following exception:</u></p> <p><i>For a period of 12 months following the change in Measurement Class to HH Settlement, <del>such sites will be permitted to agree</del> <sup>comment B</sup> a lower MIC <u>may be agreed</u>, and in such circumstances the revised MIC will be applied retrospectively from the date of the change in measurement class for that site. For the avoidance of doubt, such revised MIC will be agreed <u>with the customer owning or occupying the relevant premises and shall be no less than the maximum demand raised by the customer following the change to HH Settlement.</u> <del>with reference to the level of the</del></i></p>	
--	---	--

	<p><del>customer's maximum demand. Where such a revised MIC is agreed the customer shall not be entitled to request further downward amendments under the provisions of this paragraph</del>  <del>comment C</del> has been applied retrospectively, no further retrospective Further changes to the MIC shall be subject to the provisions permitted and the rules in paragraphs 149 and 150 shall apply from the date the retrospective change is agreed. This paragraph 151A shall not apply where:</p> <p>(i) <del>the customer has previously entered into a</del> Where connection agreements for the relevant site and where such agreements is still in force and effect have been entered into within the last twelve months, then the above exception shall not apply and the terms of that connection agreement shall stand <del>comment D</del>.</p> <p>(ii) <del>The customer was neither the owner nor the occupier at the date of the migration."</del></p> <p>5. <b>Additional Comments on drafting</b></p> <p>A. We question whether the migration reference should be in respect of Measurement Class C or Measurement Class E (as opposed to being migrated to a site specific HH DUoS tariff).</p> <p>B. A site can't agree a MIC. agreement can only be between owner/ occupier and the distributor.</p> <p>C. We don't agree that the distributor should be straight jacketed to only allow one respective arrangement. There may be circumstances where the distributor may wish to agree a further downward revision.</p> <p>D. We disagree to the 12 month period for the connection agreement</p> <p>6. Whilst we do not support Option 4, if the working group decide to proceed with that option we believe amendments should be</p>	
--	--	--

	<p>made to the legal text that have the same effect as the ones we have proposed above</p> <p>7. Further, whilst outside the scope of this change proposal the drafting of paragraph 149 and 150 are flawed.</p> <p>Firstly, paragraph 149. This makes it a condition that neither the customer nor the distributor can reduce the MIC in the first year <b>in any circumstances</b>. We think this is wrong. We think there will be circumstances where it is wholly sensible for a distributor to agree to a reduction in the MIC within a 12 month period, and where appropriate make respective amendments</p> <p>Secondly, Paragraph 150. A customer may seek to reduce their MIC but to a level higher than the customer's maximum demand. A customer may require a higher capacity other than the maximum demand recorded in the immediate history. Under S16A of the Act it is the customer who is required to set out their maximum power requirement.</p>	
Gazprom Energy	We have not reviewed the legal text.	
ESP Electricity	Setting a capacity level to the actual MD could result in disruption on the distribution network. MICs are agreed with regard to the MD, but require a certain amount of headroom for fluctuations in MDs. This allows the network to be managed in an efficient and economical manner as there would be a reduced chance of the capacity being breached on a constant basis	
UK Power Networks	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	

	<p>(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.</p> <p>Option 1 – the final para should state “Where a connection agreement has been entered into within the 12 months prior to the change of Measurement Class....”</p>	
<p>Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc</p>	<p><b>General</b> The existing paragraphs 149 and 150 do not acknowledge that the MIC (under the P272 arrangements) may have been allocated by processes other than those set out in those paragraphs. These paragraphs do not cover MICs having being allocated to existing connections, in many cases by an estimation or default process. It therefore doesn’t seem adequate to add only the proposed text as conditions to the existing 149 and 150, without some reference to the alternative means which have been used for setting MICs under P272 arrangements.</p> <p><b>Option 1</b> The text says ‘<u>sites</u> will be permitted to agree a lower MIC’ – it is the customer who enters into an agreement, not the site. The text potentially needs additional wording to clarify that customers who were not occupying the site at the time of the change of measurement class are not eligible for retrospective adjustments and also to define a materiality threshold.</p> <p><b>Option 2</b> It is not adequately clear what level of MIC applies after the ‘further 11 months’ period expires – this could for example be by application of a ‘deemed’ capacity which is not covered in paras 149 or 150. The reference to ‘billing’ should refer to DUoS charges specifically.</p> <p><b>Option 3</b> It is not adequately clear what level of MIC applies after the ‘first 12</p>	

	<p>months' period expires – this could for example be by application of a 'deemed' capacity which is not covered in paras 149 or 150. The text is silent on when the 12 month period starts from. The reference to 'billing' should refer to DUoS charges specifically.</p> <p><b>Option 4</b> It is not adequately clear what level of MIC applies after the '12 months' period expires – this could for example be by application of a 'deemed' capacity which is not covered by paras 149 or 150. The reference to 'billing' should refer to DUoS charges specifically.</p>	
Opus Energy Ltd	No.	
Northern Powergrid Northeast and Yorkshire	We think it would be beneficial to create a separate schedule to the DCUSA rather than amending Schedule 16. The benefit of this approach is that once the time limit is reached then the Schedule could be removed and there will be not need to undo the changes which would otherwise have been made to Schedule 16.	
Npower Ltd	We have no comments on the legal text.	
Scottish Power Energy Retail Limited	Not at this time although we suggest a further review once the preferred option has been identified by the Workgroup	
SmartestEnergy	No	

<p>Electricity North West</p>	<p>It is far too early to start discussions on the legal text with so many options being considered and at best only two additional options to that of the working group/sponsor being allowed to be considered as part of this change proposal but we offer the following observations: Any reference to the customer's maximum demand is not acceptable. It is what the customer requirements are (that may be in excess of what they are actually using during the first twelve months) that is important. We are being led here by subjective billing concerns rather than customer requirements.</p> <p>We have reference to twelve months on connection agreements, twelve months from when? Take the following example, you could have a connection agreement agreed next week but the customer move as part of the Supplier P322 programme may be April 2017 which is longer than 12 months from today. This agreement would be null and void which is wrong. If you wanted a date to refer to it should be when DCP179 was approved by Ofgem where this issue (that doesn't affect all Distributors) was discussed and as such Distributors have been putting processes or additional activity in place since that time, and indeed communications have already been undertaken by them, to agree what the MIC values should be. Agreeing a date twelve months prior to the Measurement Class date changes ignores all this good work.</p> <p>Some reference 'for the purpose of billing', some do not.</p> <p>There are differing legal interpretations within the industry associated with 'Maximum Demand' and 'Maximum Import Capacity'. We are from the school that differentiates between the two. It is essential therefore that these definitions are very clear in this area.</p> <p>'National average' may need further understanding and in fact moves significantly away from the settlements approach of regional consumptions calculations.</p> <p>It is obvious from Option 4 having a need for a further four sub options that there is a need for further development. Some of the</p>	
---------------------------------------	--	--

	<p>proposed legal text in these areas are open to interpretation and is probably far worse than what happens now.                  Any legal text changes do not sit in schedule 16 since they do not impact the methodology of how tariffs are created. They are untested billing concerns.                  We will be very surprised if there is not a need to further consult in this area.</p>	
SSE Energy Supply	No.	
Western Power Distribution	no	

Company	7. Do you consider that each of the four proposals better facilitates the DCUSA Objectives? Please give supporting reasons.	8.
British Gas	<p>The working group has stated that the options better facilitate objectives 2, 3 and 4 and general objective 2. We have reviewed the reasons provided in the consultation.</p> <p><b>Charging Objective 2 and General Objective 2 and Charging Objective 4:</b>                  The reasons stated for better facilitating these objectives (facilitating competition for charging/general objective 2 and taking account of developments for charging objective 4) are that all options ensure that DNOs are ultimately applying a common approach when dealing with customers affected by P272 when they seek to actively agree an enduring MIC.</p>	

	<p>It is clear to us that this assessment only holds under option 1 for those customers that “<i>seek to actively agree an enduring MIC</i>” within the grace period. For any customers who do not engage with the DNO within the grace period these objectives are not better facilitated by option 1.</p> <p>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.</p> <p>Options 2 through to 4 also better facilitate charging objective 4 since they take account of the decision to defer DCP 161 by offering more protection to customers affected by P272 – protection which is more aligned with the protection signalled in the DCP 179 change report. By contrast we are concerned that the MICs that were proposed by DNOs in their customer letters either stated or implied that excess capacity would be charged at much higher rates than standard capacity charges from April 16. As such the MICs being deemed to have been accepted by customers would now appear to have been deemed to have been accepted on the basis of outdated (and potentially misleading) information. 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 customers again to clarify the situation regarding excess capacity and to give customers an opportunity to reconsider their MIC.</p> <p><b>Charging Objective 3:</b></p> <p>The reasons stated for better facilitating charging objective 3 (reflecting the costs incurred by the DNO after taking account of implementation costs) are that the change will allow time for customers affected by P272 to actively engage with the DNO and agree a MIC which is appropriate for their requirements and hence</p>	
--	--	--

	<p>the costs they impose on the network. The consultation states that this is an improvement compared to a situation where MICs for customers are set using potentially out of date connection agreements or default values.</p> <p>The current situation is that DNOs will potentially recover £27m/yr (£32 x 12 x 70,000) more from this subset of customers than is reflective of the demand they place on the network. This is clearly unacceptable and therefore all options should help to reduce this level of cost which does not reflect the costs these customers are placing on the network.</p> <p>Again, whilst option 1 will improve the current unacceptable situation, it will only do so for those customers that “<i>seek to actively agree an enduring MIC</i>” within the grace period. Depending on the number of customers who do not engage, it is clear that option 1 will result in a residual amount of cost which is being recovered from charges which do not reflect the costs incurred by the DNO.</p> <p>Options 2 – 4 facilitate this objective much better than option 1 by ensuring that during the transition to HH settlement the costs applied in respect of these customers are no higher than the costs they place on the network. If customers decide at the end of the grace period that they wish to agree a higher MIC (or retain a historic MIC) which is higher than their MD then they can choose to do so with the DNO and in such circumstances it will be appropriate for the customer to pay for the capacity they are reserving on the network, but it cannot be in the interests of these customers to assume that they wish to retain a capacity that could be over 100% higher than their MD if they do not actively engage with the DNO as would be the case under option 1.</p>	
<p>SP Distributi on and SP Manweb</p>	<p>Yes, all of the options better facilitate the DCUSA objectives, as detailed in the consultation.</p>	

The Electricity Network Company	<p>We consider that options 2 and 3 <b>do not</b> better meet the objectives. We believe that such an approach is unduly discriminatory when compared to the arrangements for other HH tariffs</p> <p>Therefore we believe option 1 and option 4 both better meet the objectives. However we believe option 1 is the best route since distributors have already embarked on this route. No evidence is provided in the consultation to demonstrate that option 4 better meets the objectives compared to option 1. This allows for a reasonable assessment of maximum capacity in the first instance but would put arrangements in place for subsequent amendment where estimates are found to be incorrect. Option 1 does not stand on its own. There needs to be a mechanism to set the initial MIC capacity..</p>	
Gazprom Energy	<p>We believe option 1 best facilitates the DCUSA objectives.</p>	
ESP Electricity	<p>ESPE does not believe that Charging Objective 2, Charging Objective 4 and General Objective 2 are better met as all DNOs are currently applying a consistent approach – all are applying a default if actual information on the MDs/MICs is not known. It is only the value applied that is different – not the approach.</p> <p>ESPE 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.</p>	
UK Power Networks	<p>No. Nor any of the charging objectives.</p> <p>This change could adversely impact general objective 1, and charging objectives 1 and 3.</p> <p>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. In</p>	

	<p>writing to customers in the summer, we expressly did not mention how suppliers might pass our charges on. This CP pre-supposes all suppliers do so in the same way – is that correct?</p> <p>Charging objective 4 is not better facilitated as there is no development within the distributors’ business to take account of.</p> <p>It should be noted that charges will be less cost reflective as a result of this change as assumptions around capacity levels will have been made in setting prices that do not materialise if this change proceeds.</p>	
<p>Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc</p>	<p>We agree with the Working Group analysis in relation to the DCUSA Objectives.</p>	
<p>Opus Energy Ltd</p>	<p>No comment.</p>	
<p>Northern Powergrid Northeast and Yorkshire</p>	<p>We consider that each of the options would better facilitate the DCUSA objectives as stated in the Change Proposal, if implemented correctly.</p> <p>However, 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 the default position should be for all customers to be billed on a pass-</p>	

	through basis unless the customer themselves request otherwise. If customers are not provided with this level of transparency we are concerned that this change does not better facilitate competition.	
Npower Ltd	Yes. Positive impact to: Charging objectives 2, 3 and 4. General DCUSA objective 2.	
Scottish Power Energy Retail Limited	We believe that Option 1 meets General Objective 2 & Charging Objective 3	
SmartestEnergy	For the reasons given in 4 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.	
Electricity North West	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. It will have no impact on General Objective two since the same approach to MIC is being applied across all customers being impacted by each relevant Distributor whichever approach they take. Regarding the charging objectives this change is not a methodology	

	change. The agreement of the MIC is between the Customer and the Distributor and is something that is agreed on a bi-lateral agreement basis and not part of open governance. The only part that is in open governance is that this value will not change once set for a period of twelve months and the fact that the MIC will be charged for within some of the tariffs. None of this is changing.	
SSE Energy Supply	We agree with the reasons given in the consultation document, excepting that it may be too late to implement options 2, 3 & 4.	
Western Power Distribution	Charging objective 2, 3 and 4 are met for all options	

<b>Company</b>	<b>9. 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?</b>	<b>10.</b>
British Gas	Yes.	
SP Distribution and SP Manweb	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.	
The Electricity Network	Yes, - where the MIC is estimated by the DNO. Where the MIC is based on maximum demand data or by arrangements in the connection agreement we do not believe such protection	

Company	mechanisms are required. It is only where the MIC is based on a distributor's estimate that the protections are required.	
Gazprom Energy	Yes, we believe it is still required as per the reasons outlined in our answer to question 3.	
ESP Electricity	Where the distributor has estimated the MIC, a level of protection for both the customer and the distributor would be prudent. Where MIC has been agreed with the customer and is based on actual demand data, there is no need for additional protection. As distributors have written to the PC5-8 customers and given them the opportunity to agree the capacity with the distributor, the customer has already been offered protection.	
UK Power Networks	We do not agree that any protection is required to be documented in the DUoS Charging Methodology.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes.	
Opus	A significant number of customers migrated under P272 are unlikely	

Energy Ltd	to have a reasonable understanding of MIC. Given the estimated number of customers for whom a MIC has not yet been agreed, the options proposed under DCP248 are worthy of consultation. However, with deferment of DCP 161 to 2018 we do not believe that a solution with any retrospective element (i.e. option 1) is required.	
Northern Powergrid Northeast and Yorkshire	It would be beneficial to have a standard approach, however we should point out that we have always expected to have dialogue with customers if they have any concerns about the level of MIC that has been proposed and would not be looking to hold customers to an inappropriate value. We would always look to back-date to the change of Measurement Class to ensure the customer is not paying for capacity they neither want or need.	
Npower Ltd	<p>Yes. Reasoning:</p> <ul style="list-style-type: none"> <li>• The extension to P272 was introduced after the implementation of DCP179 so some CT customers may already be impacted by inappropriate capacity allocation.</li> <li>• As stated, different DNOs are taking different a different approach to calculating capacity. This lack of consistency may impact some customers.</li> </ul> <p>Lack of engagement, likely by customers who have limited understanding of how the industry operates, may not improve over time. We must account for these un-engaged customers where possible.</p>	
Scottish Power Energy Retail Limited	It is ScottishPower Energy Retail's view that the protection to consumers of DCP 248 is required on an enduring basis. Customers and Suppliers have the protection of being able to improve the accuracy of consumption over the previous 14-months of settlements and the same principle should be applied to related costs such as DUoS. In direct response to the question above we agree that the protection of DCP 248 is still required despite the timescales	

	introduced by P322.	
SmartestEnergy	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 <u>making</u> corrections as it is when it is a matter of the wrong voltage.	
Electricity North West	As indicated in our response to Q1 and Q4 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 (and protected at that time) rather than having to handle the fall out due to the lack of engagement post the move to HH settlements.	
SSE Energy Supply	Yes.	
Western Power Distribution	Yes it still seems reasonable.	

<b>Company</b>	<b>11. 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?</b>	<b>12.</b>
British Gas	No – 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.	

SP Distributi on and SP Manweb	No. As explained in the DCUSA consultation 5.2, 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.	
The Electricity Network Company	<p>We think the reference to “<i>incorrect charges</i>” 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. The issue and the reason for this change proposal is the uncertainty around what is “correct” and what is “incorrect”. Allowing retrospective amendments provides a mechanism to reach an accommodation where it is uncertain as to what the “correct” MIC is.</p> <p>Charging statements need to reflect the contractual obligations imposed by DCUSA. We believe that Schedule 16 should allow distributors to amend the MIC retrospectively for all customers under prescribe circumstances, not just those on migrating from PC 5-8. Such retrospective amendments should not be automatic, but at the distributor’s discretion, and should be supported by relevant information. 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.</p> <p>However, as we have commented in our response to question 3, it is important that customers are aware that in reducing their MIC, they are relinquishing their right to capacity, which if required at a future date may not be there.</p>	
Gazprom Energy	No. We believe there are clear benefits in more explicit protection being included in the DCUSA legal text for the P272 transition.	

ESP Electricity	ESPE believe that the current protection offered by the UoS charging statements is sufficient. A customer can agree a revised capacity through negotiation with the distributor and following ESPE's letters to the customers advising of the level to be applied; if the customer was not in agreement, they had the opportunity to discuss with ESPE and set to an appropriate level. To date, ESPE has not received any communication from any customers.	
UK Power Networks	The DUoS charging statements appear to deal with an incorrect tariff being applied. This is not relevant to DCP248.	
Southern Electric Power Distributi on plc and Scottish Hydro Electric Power Distributi on plc	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.	
Opus Energy Ltd	No comment.	
Northern Powergri d	The DCUSA agreement is between DNOs and suppliers and not directly between DNO and end-customer. The extract from the LC 14 statements is in regard to the supplier/DNO relationship and	

Northeast and Yorkshire	specifically refers to allocation of tariffs and not MIC values and should not be considered.	
Npower Ltd	No, 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.	
Scottish Power Energy Retail Limited	No, we do not have confidence that the current correction request process can deliver against the volume of MIC corrections expected from P272.	
SmartestEnergy	No. The UoS Charging Statements are ambiguous. 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 <u>making</u> corrections as it is when it is a matter of the wrong voltage.	
Electricity North West	No. These are specific to material impacts such as an incorrect voltage being assigned to the site that would result in an inaccurate tariff being applied or consumption data being incorrect such as CT ratios being wrong or CTs being incorrectly wired up. We are fully supportive of retrospective adjustments to the bills issued in these areas in order to correct such an error. This change is associated with the capacity agreed for the site in question and what seems to be the lack of such information. Whilst we would be sympathetic to any bi-lateral discussions in this area any agreement to back date the value should be judged on a case by case basis.	

SSE Energy Supply	No.	
Western Power Distribution	This DCP option 1 adds clarity	

<b>Company</b>	<b>13. Are you supportive of the proposed implementation date - as soon as possible following Authority consent which may require an extra-ordinary release?</b>	<b>14.</b>
British Gas	Yes and we urge DNOs to be flexible prior to formal approval and re-consider implementation on a voluntary basis.	
SP Distribution and SP Manweb	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. This also supports Option 1, since DNOs have already started this process, and to change Option after you have begun, would upset all contacted customers.	
The Electricity Network Company	Yes.	
Gazprom Energy	Yes.	
ESP Electricity	Yes, however, ESPE is only supportive of Option 4 as this is the approach currently taken by ESPE.	

UK Power Networks	This depends on the outcome. Options 2, 3 and 4 would need a lot of manual effort to implement and so we would need a longer lead time.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes.	
Opus Energy Ltd	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).	
Northern Powergrid Northeast and Yorkshire	We are happy with the proposed implementation date.	
Npower Ltd	Yes. As soon as possible given that supplier migration plans to HH have already been initiated.	

Scottish Power Energy Retail Limited	Yes, we believe that our preferred option should be implemented as soon as possible or through an extra-ordinary release where required.	
SmartestEnergy	Yes	
Electricity North West	This depends on the option chosen and what processes need to be put in place to manage this. Our processes are automatic when dealing with changes to Measurement Class, Line Loss Factor Classes and tariffs. Even Option 1 would need some form of manual processes, but the rest would create extra process design and training which would need to be cascaded out as well as an IT change to amend the MIC held on our system as opposed to manually having to change over 6,000 data items. You would therefore expect some reasonable lead time after consent rather than what is currently being proposed.	
SSE Energy Supply	Yes.	
Western Power Distribution	Yes, as long as the option chosen doesn't involve IT changes	

<b>Company</b>	<b>15. 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</b>	<b>16.</b>
----------------	--	------------

	<b>your rationale.</b>	
British Gas	12 months is appropriate however we remain concerned that this will result in many customers not being able to make use of the protection offered under option 1. 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.	
SP Distribution and SP Manweb	We agree that 12 months allows the customer to see what their highest MD is in a year and therefore agree what their MIC should be going forward.	
The Electricity Network Company	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. Also, please see our comments in question 5 in respect to flaws in the drafting of Paragraphs 149 and 150. If the suggested amendments are made then potential concerns that may have led to this question being asked are mitigated to a large extent.	
Gazprom Energy	We believe this is probably most practicable. 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. We would assume that realistically a customer will need to engage with the relevant DNO some time before data is received for a full 12 months' worth of consumption. If the 11 <sup>th</sup> or 12 <sup>th</sup> month of consumption contained a customer's maximum demand then they may be worse off than a customer whose maximum demand periods fell earlier in the 12 month.	
ESP	ESPE is only supportive of Option 4 as this is the approach currently	

Electricity	taken by ESPE. 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.	
UK Power Networks	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. The availability of this data should not be delayed by and is not related to the supplier driven P272 migration.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	We agree with the proposed 12 month limitation.	
Opus Energy Ltd	Yes. 12 months should be sufficient time for engaged customers to contact their DNO and for DNOs to gain sufficient MD history to determine an appropriate MIC.	
Northern Powergrid Northeast and	We agree that 12 months from change in Measurement Class is an appropriate time frame.	

Yorkshire		
Npower Ltd	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 flexibility for the less engaged.	
Scottish Power Energy Retail Limited	As below	
SmartestEnergy	Yes. 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.	
Electricity North West	<p>Firstly, we do not believe that some of the options offer any protection, in fact some impose a waiting period before an agreed MIC can take place which is probably at odds with the National Terms of Connection and certainly at odds with current practice where we instigate such a change at the start of the next month.</p> <p>With regard to twelve months in the sentence, as indicated earlier, on the face of it, it looks reasonable but in reality we are looking at having to manage this over more than two years. Surely there is a better approach to this. We have yet to be convinced on the analysis in this area, the benefit and/or the financial impact to the customer and the costs of administration.</p>	
SSE Energy Supply	No. 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.	
Western	yes	

Power Distributi on		
<b>Company</b>	<b>17. Do you believe that there should be an end date within the DCP 248 legal text and, if yes, what date should it be?</b>	<b>18.</b>
British Gas	No, there should not be an end date. The protection will lapse naturally.	
SP Distributi on and SP Manweb	No we do not believe there should be an end date within the DCP 248 legal text. Customers will migrate to HH at different periods therefore the legal text should not include an end date. Furthermore the legal text in each case refers to P272, therefore no customer could make use of this legal text after P272 is complete.	
The Electricity Network Company	We believe the clause is effectively end dated in that it only applies, in respect to each metering point, for a period of 12 months. That being said an end date might be appropriate. Such end date should be 12 months from the end date where the migration exercise should be completed. Also, please see our comments in question 5 in respect to flaws in the drafting of Paragraphs 149 and 150. If the suggested amendments are made then potential concerns that may have led to this question being asked are mitigated to a large extent.	
Gazprom Energy	Clearly at least 12 months after the P272 deadline needs to be allowed for so 1 April 2018 would be the very earliest end date. However, we believe an end date of April 2019 would continue to provide protection for customers where for whatever reason their COMC was delayed. From this date onwards the number of profile class 5-8 customers transferring to HH settlement should be much	

	less material, and therefore more easily managed by suppliers and DNOs.	
ESP Electricity	As with P272 and the agreed end date for the transfer of all PC5-8 customers to the new HH tariffs, ESPE believes there should be the same implementation date of April 2017	
UK Power Networks	This should not endure beyond the number of months decided pursuant to question 10 after the P272 deadline. If suppliers have failed to meet the P272 deadline that is between them and the customer.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	An end date would be prudent to avoid potential for these special provisions, designed to accommodate unique circumstances, becoming embedded and possibly misunderstood / misapplied over future years if left in place on an enduring basis. We suggest an appropriate end date would be 31 March 2018.	
Opus Energy Ltd	No comment.	
Northern Powergrid	We believe there should be an end date as leaving it open-ended would mean the legal text will remain in the DCUSA unless a future CP	

d Northeast and Yorkshire	is raised. We agree with the working group view that it could also result in the ability to request a backdated change to the MIC enduring for many years to come, when it was only intended to assist customers during the P272 transition period. Again, a separate schedule in DCUSA would help facilitate this. 31 <sup>st</sup> March 2018 should be sufficient to ensure all customers have been migrated and contract renewals completed.	
Northern Powergrid d Northeast and Yorkshire	We believe there should be an end date as leaving it open-ended would mean the legal text will remain in the DCUSA unless a future CP is raised. We agree with the working group view that it could also result in the ability to request a backdated change to the MIC enduring for many years to come, when it was only intended to assist customers during the P272 transition period. Again, a separate schedule in DCUSA would help facilitate this. 31 <sup>st</sup> March 2018 should be sufficient to ensure all customers have been migrated and contract renewals completed.	
Npower Ltd	This depends on which option is approved. Option 1 does not need an end date as this is driven by customer migration date. Options 2,3,4 requires a proactive action by the DNO so an end date would be appropriate and should align to BSC timescales. The end date should come before introduction of penal excess capacity charges.	
Scottish Power Energy Retail Limited	No, we believe that the facility introduced by DCP 248 should be made available to all customers undergoing a change of measurement class from this point forwards. After implementation of P272 and P322 there will still be natural triggers to change measurement class and we see no good reason why these customers should not have the same protection as customers obligated to move under P272. The root cause of the need for this DCP is the poor data quality that exists in managing site capacities. There is no evidence to	

	suggest that anything is about to improve this root cause so therefore the risk remains albeit for a lower volume of demand post P272.	
SmartestEnergy	Yes. 12 months after P272 go live i.e. April 2018.	
Electricity North West	Without being drawn into whether we are supportive or not of the change, customers are migrating at different stages and rates so it is best to have a prescribed period of time from the migration date rather than a specific end date so that all customers are treated the same. We must ensure that the rights of the customer under the National Terms of Connection are not undermined or watered down by the suggested changes here.	
SSE Energy Supply	If the Distributor has made an unsuitable Maximum Import Capacity allocation, the customer should be entitled to claim compensation for 6 years as per the Limitations Act (or 5 years in Scotland).	
Western Power Distribution	12 months after 31 March 2017 i.e. 31/3/18	

<b>Company</b>	<b>19. 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?</b>	<b>20.</b>
British Gas	We are concerned that this could lead to these customers facing inappropriate levels of capacity charges. We disagree with the assertion in the consultation at 5.13 that there is no difference	

	<p>between a customer choosing between two properties, one which has just migrated to HH settlement and one which has been HH settled for years. If we assume the incoming/exiting customers are similar in nature, then the customer moving into the property which previously housed a customer which has been HH settled for years, then the default MIC assigned to the incoming customer is likely to be appropriate (having been agreed after a proper process of engagement with the DNO with the previous tenant), whereas by contrast if the old customer has just migrated to HH settlement they could have been set a MIC which is inappropriate for their level of demand and therefore the new customer will similarly default to an inappropriate MIC with no protection available to back date it.</p>	
<p>SP Distribution and SP Manweb</p>	<p>Yes we agree with the Working Group's view.</p>	
<p>The Electricity Network Company</p>	<p>We do not see this as a P272 issue. The issue is not just with PC 5-8 sites that have migrated but in respect of all HH sites where there is a change of occupier Please see our comments in question 5 in respect to flaws in the drafting of Paragraphs 149 and 150. If the suggested amendments are made then potential concerns that may have led to this question being asked are mitigated to a large extent. The current rigid drafting of Paragraphs 149 and 150 forbid the application of any flexibility, which we believe should be available to a distributor</p>	
<p>Gazprom Energy</p>	<p>We believe customers should be able to agree an amended MIC back to the point when they became responsible for paying the property's energy bills.</p>	

ESP Electricity	ESPE agrees with the WG's view. A customer not occupying the property at the time should not be allowed to back date the MIC – ESPE cannot ascertain when this scenario would ever be requested. The 'new' customer will be set up on the post-P272 tariff from the outset?	
UK Power Networks	Yes. The migrated customer has taken no action, so has agreed the capacity. The new customer is not impacted by P272 migration and is the same as any other new owner or occupier.	
Southern Electric Power Distributi on plc and Scottish Hydro Electric Power Distributi on plc	Yes.	
Opus Energy Ltd	Yes	
Northern Powergri d Northeast and	Yes – but it may be difficult to keep track of these types of customers, however we would expect these to be relatively small in numbers.	

Yorkshire		
Npower Ltd	Yes. The P272 HH requirement is only relevant to the owner / occupier at the time of HH migration. A new occupier has not been forced by the industry to move to HH. How will the DNO know who the owner/occupier is/was in this scenario?	
Scottish Power Energy Retail Limited	In line with our view detailed above that all customers should have the facility to retrospectively update the MIC if it is materially incorrect then we do not agree that customers occupying the property subsequent from the CoMC should be barred from retrospectively updating their capacity.	
SmartestEnergy	No, we do not agree. If the MIC is not appropriate it is not appropriate. The grace period provides a drop dead date for this process to be invoked in any event.	
Electricity North West	We would expect that new tenants should consider the type of supply they have in advance of moving into a premise to ensure that they have sufficient capacity to operate the business that they are in. Also as part of the tariff negotiation with the new tenant a prospective Supplier should be able to make them aware of what the structure of the tariff will be and if the MIC is excessive at the point of the first bill discussions with the Distributor are likely to take place to mitigate this or indeed at an earlier stage in the process should the Supplier notify the Distributor that a change of tenant has taken place.	
SSE Energy Supply	Yes, unless the MIC is obviously wrong.	
Western	yes	

Power Distributi on		
<b>Company</b>	<b>21. 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?</b>	<b>22.</b>
British Gas	The customer should still be able to receive the protection on offer for the duration of the grace period.	
SP Distributi on and SP Manweb	The customer should only be allowed to ask for a change of MIC while they still occupy the premises. We believe this issue to be insignificant in terms of how many customers this will impact.	
The Electricity Network Company	The MIC and the connection agreement are agreed. The connection agreement should only apply in respect of that customer whilst they are the owner or occupier of the relevant customer. Once the customer has left the premises they have no vires to agree what the maximum power requirement for the premises should be. If the issue is around the customer seeking retrospective amendments whilst they were the occupier then the provisions of Paragraph 151A should apply. For customers who become the owner or occupier of the premises after migration then the provisions of 149 and 150 should apply. Please see our proposed drafting in response to Question 5.	
Gazprom Energy	This sounds like a rare scenario and presumably it is possible now that connection agreements are entered into, with the customer then	

	moving out shortly afterwards? We believe credit/re-bills would occur as per the supply contract.	
ESP Electricity	The connection agreement should only apply whilst a customer is the owner/occupier of that property. ESPE does not receive information on a customer's future plans or requirements. We have not had experience of a customer increasing/decreasing the agreed levels prior to leaving the property. However, it should be noted that once a customer has left the property they have no right to agree anything related to the connection agreement of that property.	
UK Power Networks	If the agreement is not made before he leaves the property then it cannot be made. He is no longer the owner or occupier of the premises and any action taken in respect of the MIC may prejudice the new owner or occupier.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	We do not this as a particularly significant additional issue and appropriate wording in the UoS charging statements can clarify application conditions.	
Opus Energy Ltd	In our opinion, the retrospective elements of Option 1, make it the most complex option, in particular if there has been a change of tenancy (or a bankruptcy event). Such complexities could be mitigated under Option 3.	

Northern Powergrid Northeast and Yorkshire	In the same way as any new customer moving into a property the agreed MIC value would apply until such a time as the new customer wishes to change it. This would then be part of the normal process and changes could only be considered once in a twelve month period.	
Npower Ltd	I do not believe this risk can be managed by this industry as DNOs are unlikely to receive prior notice of a change in tenancy.	
Scottish Power Energy Retail Limited	SPERL see no conflict in the scenario described in this section. Any customer requesting a retrospective change to their MIC would be recompensed by the Supplier. The Supplier is recompensed by the DNO. This is entirely in line with current changing. In any case we do not believe that this will be a significant issue.	
SmartestEnergy	This issue is not significant.	
Electricity North West	Ultimately, the new occupant has responsibility to conduct appropriate due diligence when deciding on moving in to the property and the MIC should form an integral part of this. Only once charges commence will this be highlighted. The MIC relates to the MPAN and if an alteration is required the new customer will be responsible for any applicable charges. As a customer leaving the property is unlikely to pay for an alteration that will increase the MIC it is likely to purely be a reduced MIC on paper therefore a subsequent increase back to this level may not incur any charges if the equipment is still in place to provide the required demand and we have not allocated such a capacity elsewhere within the locality. This may be unlikely if only a short time period has elapsed. That said, this has nothing to do with this change proposal and can exist now on existing HH sites.	

SSE Energy Supply	No comment.	
Western Power Distribution	We agree with the text set out in para 5.15 of the consultation document	

Company	23. 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)?	24.
British Gas	<p>We consider that option 1 will place a significant uneconomic burden on the industry. P272 will result in a c. 60% increase in HH DUoS billed sites across the industry (with a wide range for impacts on individual parties). Billing and validation systems will be under increased stress to cope with this. At the extreme Option 1 could result in a similar increase again in required billing but with an even greater administrative cost since rebilling/reconciling will inevitably require manual intervention.</p> <p>The nature of the retrospective adjustments offered by option 1 will inevitably lead to increased levels of dispute and complaints as customers will have to engage with both DNOs and suppliers (which may involve more than one supplier) to receive any refund due. This is likely to require significant additional administrative resource from all parties.</p> <p>Options 2 through to 4 will be considerably less resource intensive since they will not involve mass re-billing. These options will also provide the best customer experience for the implementation of P272 and are less likely to lead to disputes and complaints.</p>	

SP Distributi on and SP Manweb	Option 2 and 3 has far more of a resource issue than option 1. In option 2, the MIC needs to be set to zero initially before any bill is issued, then all the first bills need to be looked at and the MIC reset to reflect the MD on the first invoice. Furthermore all customers MIC have to be reconsidered after the grace period, (which differs for each customer, therefore each month the DNO would need a list of every MPAN which has reached its grace period) customers contacted to advise what the MIC has been reset to and the MIC updated on the billing application. For Option 1, you may only require to set the MIC once, and you only need to amend the MIC if the customer contacts you at the end of their grace period. There are no technical issue for all DNOs who use the DURABILL application.	
The Electricity Network Company	To be assessed	
Gazprom Energy	Option 2, 3 and 4 would lead to additional internal costs for managing the administration of these options.	
ESP Electricity	Distributors would have to communicate a different approach to applying capacities to the customer. If the approved solution is different to that already taken by the distributor, the additional resource and administration required would incur significant costs for most distributors. A different approach would reduce the customer confidence in either approach and may cause unnecessary concern. Additionally, if many customers take up the offer of re-negotiating the MICs, new connection agreements confirming the new MIC would need to be issued and incur further costs.	
UK Power Networks	Option 1 will require work in dealing with customer applications for connection agreements. We had expected this and are resourced to	

	<p>manage it. Options 2, 3 and 4 would require significant changes to our billing systems. These would take around 6 months to implement. As well as the expected interaction regarding connection agreements, there will be unforeseen impacts on the billing team. This is because billing would be divorced from connection agreements and so the link between the two would need to be broken to prevent data held with existing connection agreements or capacity records being applied on a change of measurement class and thereafter to identify and maintain the value of MIC used at the start and end of the 12 month period envisaged. It should be noted that this change only applies to a subset of new half-hourly billed customers and so the billing system would need a new source of historic data (unrelated to the current DUoS HH process) in order to identify any newly HH customer as being formerly PC5-8, adding further complexity.</p>	
<p>Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc</p>	<p>Options 2, 3 and 4 will all incur higher levels of cost than Option 1, as all P272 affected customers will be subject to further billing changes and communication exercises (irrespective of potentially being quite content with the allocated MIC and in many cases having a recent connection agreement). As the changes proposed by Options 2,3 and 4 are likely to confuse a significant group of customers, higher customer service costs are an inevitable consequence.</p>	
<p>Opus Energy</p>	<p>Option 1 has the potential to have the greatest technical or resource constraints, given the proposed retrospective billing elements; in</p>	

Ltd	<p>particular if there has been a change of tenancy or bankruptcy event. It is also not fair for customers to potentially be overcharged for their MIC for 12 months.</p> <p>One technical issue which needs to be considered for each option is regarding if the DNO considers that the MIC should be amended. DNOs would require appropriate customer contact details (and be satisfied from a data protection perspective) if they intend to contact customers regarding their MIC.</p>	
Northern Powergrid Northeast and Yorkshire	<p>All of the options require some significant additional processes to be established and this has already had resource implications. We are currently seeing significant numbers of queries with regards to the process and need for change, but would expect that once customers have migrated, whilst there will be more sites to manage on an ongoing basis, the queries should hopefully reduce over time.</p>	
Npower Ltd	<p>Option 1 – It is manual process to amend capacity, which comes with associated impact on resource for suppliers.</p>	
Scottish Power Energy Retail Limited	<p>Option1– constraints around manual effort to update capacity costs and rebates in customer billing. This is not expected to be significant and operationally we can mitigate by proactively cleansing accounts before CoMC and monitoring after CoMC. No impacts in other parts of the process.</p> <p>Options 2 &amp; 3 – Constraint around the accuracy of customer contract pricing for ‘rolled-up’ contracts. The Supplier will have to make an assumption on the likely MD value post CoMC to use for pricing which may be different from actual charges. Customer also has no certainty in costs.</p> <p>Option 4 – This looks very like the current process so not sure it is a change other than allowing an MIC of 0. In any case it offers no real protection to a customer which is a significant constraint. Dealing with calls, queries and complaints is another likely cost to Suppliers of</p>	

	this option.	
SmartestE nergy	Regardless of any resource constraints, customers need to be treated fairly. This means that distributors need to be in a position to have an agreed MIC with all customers where possible. Options 2 and 3 are clearly designed to minimise distributors’ obligations to engage with customers and are therefore not acceptable.	
Electricity North West	Yes, options 2-4 would require substantial resources to implement, maintain, reinstate/overwrite and manage billing data and assurance (as outlined in Q3 above). There could be a significant resource cost to manage these options and there may be IT costs associated with data value changes.	
SSE Energy Supply	Option 1 may create a lot of work in processing refunds. The other options are not feasible.	
Western Power Distributi on	Option 1 – no technical constraints , amendments will be triggered manually and spread over the migration period Option 2 no technical constraints - but resource constraints , monitoring all mpans migrated each month – then amending their Mic the following month , connections team engaging with customer again after 12 month grace Option 3 no technical constraint – resource constraint – connection team duplication of effort – already engaged with customers – Billing team will have to revise ASC on all 19000 customers Option 4 – MD data provided by only 52% of suppliers for less than 39% of MPANs, so impossible to implement	

<b>Company</b>	<b>25. With regards to each option, are there any other constraints, for instance the need for DNOs to potentially agree</b>	<b>26.</b>
----------------	--	------------

	<b>connection agreements with a large proportion of the customers affected by P272 that you are concerned about?</b>	
British Gas	DNOs should have agreed or be agreeing bi-lateral connection agreements for all of these customers regardless of the DCP 248 option taken forward. We would be concerned if customers were being charged MICs at more than double their level of demand without a bi-lateral connection agreement setting out the rights of the customer in return for such a high level of MIC. There is likely to be a constraint in getting bi-lateral connection agreements agreed or updated for all of these customers before April 2017, which would support the need for an option which protects customers from the outset (options 2-4) rather than one which requires an agreement to be entered into within 12 months of the change of measurement class.	
SP Distribution and SP Manweb	We do not share these concerns as we do not believe we need a new connection agreement signed for all P272 customers who wish to change their MIC.	
The Electricity Network Company	To be assessed	
Gazprom Energy	We would expect DNOs to be appropriately resourced to handle all profile class 5-8CT meter customer contacting them to enter into a new connection agreement. We believe each DNO should be required to outline clearly the latest cut-off date for a customer requesting a connection agreement. For instance, if a customer first contacts a DNO 364 days after their COMC: will this process be followed to completion, with retrospective amendments to the MIC, even when	

	the completion falls outside of 12 months?	
ESP Electricity	ESPE relies on the National Terms of Connection for the all the regulatory requirements with the exception of the MD/MIC level itself. This level is set at the outset of a new development and design statistics which are agreed with the developer at the time. If the new tenant requests a change to MIC or wants clarification from ESPE of the agreed level, ESPE provides written confirmation to the customer.	
UK Power Networks	Only constraints around our processes under Options 2, 3 and 4 as outlined above. We expected the impact of P272 on connection agreements and capacity management. We did not expect there to be such a material impact on billing processes so late in the day and with such short notice.	
Southern Electric Power Distributi on plc and Scottish Hydro Electric Power Distributi on plc	The requirement for substantial numbers of connection agreements is largely inevitable. Our biggest concern is the potential for the industry to cause unnecessary and unjustified confusion amongst our customers through excessive complexity.	
Opus Energy Ltd	Potentially those customers that have already agreed an MIC with their DNO could be excluded from the process, subject to that customer being contacted to confirm that they are satisfied with the agreement. This could reduce customer volumes impacted (although	

	DNOs would require appropriate customer contact details as referenced in our response to question 14).	
Northern Powergrid Northeast and Yorkshire	We do not envisage significant numbers of connection agreements to be required, however it is difficult to assess the volumes we may encounter as a result of this change.	
Npower Ltd	Not that we are aware of. DNOs are best placed to answer this.	
Scottish Power Energy Retail Limited	The work for DNOs to agree capacity with P272 candidates is already under way so much of this is already done. The total volume of candidates is relatively small and not considered to be a huge undertaking. ScottishPower Energy Retail has been proactive in working with DNOs to ensure our common customers receive the best possible communication and have accurate MIC's prior to signing up to a HH contract. This work alleviates any major concerns about ensuring MICs are accurate. If all Suppliers and DNOs engage in a similar way then it suggests the demand for retrospective MIC changes should be significantly minimised.	
SmartestEnergy	Connection agreements are needed. Distributors need to start engaging with customers as soon as possible.	
Electricity North West	Connection agreements - this is a known unknown. Until customers receive their first bills we will never know. Our communication exercise resulted in a handful of enquiries. This may well be due to our current arrangements in managing this activity as indicated in our response to Question 2.	

	<p>We believe that it is discriminatory in its nature by only considering reductions in capacity, and not allowing Distributors to receive the correct MIC charges where an agreement has been reached with the customer where a value is in excess of this and existing agreements exist (relates to 2-4 options)</p> <p>This has the propensity to create further industry confusion than actually deal with each issue as and when it occurs including customer frustration with the change of supply process, the worth of connection agreements due to rights being undermined or watered down elsewhere.</p> <p>With regard to billing we are one step removed from the customer in that we bill the supplier. We have no knowledge of the commercial arrangements they have with customers.</p> <p>We believe that this change proposal is too simplistic in its understanding of the MIC.</p>	
SSE Energy Supply	No comment.	
Western Power Distribution	Yes agreeing connection agreements for such a large number of customers is challenging. This is a follow on from the process already started to agree deemed MICs.	

<b>Company</b>	<b>27. 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.</b>	<b>28.</b>
British Gas	These customers are likely to be less engaged in general with their electricity supply relative to a conventional HH customer. They are	

	<p>likely to be even less aware of DUoS costs. Regardless of any communications sent to them by DNOs or suppliers many will not engage with the DNO to agree a MIC simply because they are not aware that it is relevant to them, or because the communications were sent to the wrong contact.</p> <p>This should not come as a surprise to DNOs or the industry – DNOs commented on many occasions during the implementation of the EDCM of the difficulty they had (and continue to have) in engaging with EDCM customers on DUoS related matters. If this is the case for the small number of the largest customers connected to the DNO network, it clearly should not be presumed that all PC5-8 customers affected by P272 will engage in the required manner. Therefore it is obvious that option 1 will not provide the level of protection that is required for these customers.</p>	
SP Distribution and SP Manweb	<p>This is not a concern for Option 1, since all the customers have been written to. For the other options, the DNO will need to contact the customer after the grace period to advise the customer of the MIC going forward. So every option is covered, but there is more work involved in Options 2, 3 and 4.</p>	
The Electricity Network Company	<p>Yes, often customers, nor many electrical contractors, understand the concept of MIC and maximum demand. That is why figures provided often fail to apply diversity. As a consequence the required MIC is often overstated.</p>	
Gazprom Energy	<p>We believe there should be continued onus on the DNO to communicate with affected customers throughout the transition period. As indicated in the answer to question 15, a requirement for all DNOs to publish a process document with timescales etc. would help customers receive (and those in contact with customers such as suppliers and brokers provide) the most helpful and relevant advice.</p>	

ESP Electricity	<p>ESPE recognise that some customers may not understand the concept of MIC and maximum demand. However, it has been clearly communicated to the customer the possibility of amending their applied capacities by contacting ESPE directly. Customers will also have sight of the MICs when they receive their electricity bill from their Supplier. ESPE is unsure if Suppliers offer guidance to their end customers on the ability to renegotiate the agreed level, if not, it would be a good thing to put into practice.</p>	
UK Power Networks	<p>We have written to all customers identified as being impacted. It is not known whether suppliers have actively engaged with them, if they had then capacity could be varied in advance of migration under P272, especially given the extension of the P272 deadline and the apparent availability of MD data to suppliers.</p> <p>We also presume there will be some interaction between the supplier and the customer immediately prior to the migration. This would particularly be true of there is a contract renewal or change of supplier. Such a Key Account Management interaction would presumably discuss these matters.</p> <p>We cannot perceive any concern with customers identifying the need to amend their MIC.</p>	
Southern Electric Power Distributi on plc and Scottish Hydro Electric Power	<p>There is some degree of concern but, between the communication efforts of distributors and suppliers, more than reasonable efforts will have been made to bring the issue to the attention of customers and offer appropriate assistance.</p>	

Distributi on plc		
Opus Energy Ltd	<p>Potentially, even if MIC-related communications to customers have not been sufficiently transparent, customers may still react if there is a step change to their bills.</p> <p>However, significant numbers of customers migrated under P272 are likely to have no understanding of MIC, regardless of any attempts that may have been made to communicate changes.</p>	
Northern Powergri d Northeast and Yorkshire	<p>If the industry works together for the benefit of the end-customer then they should be made aware of why this change is happening.</p> <p>We do however have concerns that some customers may not see this change as a pass-through item on their bill and will therefore be oblivious to the change. If the benefit of this change is to influence customer behaviour then they need to see this on their bills and relative to what they may be used to paying, and crucially, through supplier and DNO engagement, understand why there will be changes.</p>	
Npower Ltd	<p>Yes. Many customers impacted by P272 will not understand the workings of the industry and will not understand they have the option to challenge capacity rates.</p>	
Scottish Power Energy Retail Limited	<p>There is always a risk that disengaged customers will not identify the need to amend their MIC despite any number of prompts from Suppliers, DNOs and other third parties. It is also true that disengaged customers are less likely to request a retrospective MIC change as by their very nature they are disengaged.</p> <p>We do not believe that this risk is a significant variable in selecting an optimum option from the four provided. This is because ScottishPower Energy Retail is being proactive in identifying accurate capacities when agreeing new contracts. This includes gathering HH</p>	

	data from NHH meters prior to CoMC to ensure MD data is gathered and verified. This customer does not need to be engaged to do this.	
SmartestEnergy	I detect a leading question here. It is true that options 2 and 3 and, to an extent, option 4, do not rely on customers to identify an issue. However, that does not make these options inherently preferable just because it is easier for the customer. It is more appropriate for customers to have the option to be engaged and have a fall back option in they do not. Options 1 and 4 follow this principle. Options 2 and 3 do not.	
Electricity North West	We need to manage any such concerns whether real or otherwise. Both Distributors and Suppliers can play their part in this during the P272 roll out. This opportunity seems to be slipping away with the lack of a co-ordinated approach. This is a disappointment. We seem to be happy to let an issue develop and put processes in place post its occurrence rather than being proactive and preventing it occurring in the first place.	
SSE Energy Supply	Yes. They may not understand what is happening even after communicating with their Supplier or Distributor.	
Western Power Distribution	The benefit of option 1 is that it allows for a figure for MIC being billed as soon as a customer migrates. This monetary impact would provide focus for the customer and assist them in identifying if the MIC needs addressing.	
<b>Company</b>	<b>29. 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?</b>	<b>30.</b>

British Gas	Whilst not ideal as it means some customers may be charged at an inappropriate level of capacity, we believe a threshold is preferable. A threshold will allow a balance between offering a backstop low level of protection and the volume of manual intervention required to make retrospective adjustments.	
SP Distribution and SP Manweb	Yes. It is our current practise that no rebills are produced where the Net value is +/- £5, we believe this should continue for potential P272 re-bills.	
The Electricity Network Company	No. Whilst we agree with the sentiment we don't think it is right that customers should be penalised where DNOs make inaccurate assessments of what the MIC should be.	
Gazprom Energy	No. If a more appropriate MIC is agreed then this is what should be rebilled.	
ESP Electricity	Although ESPE does not agree with Option 1, we also do not believe there is the requirement for a materiality threshold.	
UK Power Networks	This is not for stating herein. Normal practice should apply e.g. if DNOs already restrict such changes in DUoS credit/rebill values.	
Southern Electric Power Distribution plc and	Yes.	

Scottish Hydro Electric Power Distribution plc		
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	We suggest that the minimum retrospective adjustment threshold which should qualify for re-billing is 10 kVA. The threshold should be set in relation to kVA rather than cash equivalents for ready understanding and application.	
Opus Energy Ltd	Yes.	
Northern Powergrid Northeast and Yorkshire	Yes, we believe the amount of a retrospective credit rebill should exceed the cost that it will take to administer. We estimate these costs to be ~£5, and would be equivalent to a change of ~11kVA based on 2015/16 charges.	
Npower Ltd	We would support if the threshold was transparent and fair e.g. % based rather than kWh based. There will be a natural disincentive for	

	customer to progress with small volumes i.e. time/effort vs. benefit.	
Scottish Power Energy Retail Limited	No. A change to the MIC will be triggered on customer request and as such the customer should be recompensed regardless of the value. It is unlikely customers will request a change unless there is a material financial impact so there is no sense in creating an artificial barrier.	
SmartestEnergy	Yes, this would appear sensible	
Electricity North West	<p>If you agree to credit the customer you should do so because this is an expectation they should be made aware of. We expect that such a credit would have to be generated as a separate bill rather than undertaking a credit rebill of each affected bill. This would be very time consuming.</p> <p>Any introduction of a materiality threshold needs to be communicated to the customer at the initial stages of the discussions/communication in order to manage their expectations. Should one exist? If the answer is yes the same value needs to apply to both the 'Distributor to the Supplier' and 'the Supplier to the Customer', with the same message being provided to the customer irrespective of who the customer contacts. It may be useful to make this an entitlement rather than mandate that if a threshold is breached credit will not be made.</p>	
SSE Energy Supply	If the customer requests a reduction in Maximum Import Capacity, then the Distributor should assume that a refund payment is required.	
Western Power Distributi	We already have a £5 Threshold –and would not want to change this for P272 mpans	

on		
----	--	--

Company	31. With regards to Option 1, if there were to be a materiality threshold, what do you believe it should be set at?	32.
British Gas	Looking at the analysis provided we suggest a threshold of £20/month which would reduce the administrative burden on industry by c. 40%.	
SP Distribution and SP Manweb	+/- £5.	
The Electricity Network Company	We believe this should be an absolute amount (as opposed to a percentage) should relate to the administration costs of making the change - £75? (Materiality being based on the annual charge).	
Gazprom Energy	n/a	
ESP Electricity	See answer to Q17.	
UK Power Networks	Existing custom and practice per DNO.	
Southern Electric Power Distribution	We suggest that the minimum retrospective adjustment threshold which should qualify for re-billing is 10 kVA. The threshold should be set in relation to kVA rather than cash equivalents for ready understanding and application.	

on plc and Scottish Hydro Electric Power Distributi on plc		
Opus Energy Ltd	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. However, we are opposed to Option 1 for which customers would potentially be overcharged for 12 months.	
Northern Powergri d Northeast and Yorkshire	Yes. Please see response to question 17.	
Npower Ltd	We have no views above those stated in question 17.	
Scottish Power Energy Retail Limited	As above Scottish Power Energy Retail does not believe that there is a need for any materiality threshold and to introduce one may potentially act against the customer's interest.	
SmartestE nergy	£100 per MPAN	

Electricity North West	By the time the analysis has been undertaken to calculate the value you may as well credit the Supplier of the customer.	
SSE Energy Supply	£10 - with any smaller amounts being donated to charity.	
Western Power Distribution	£5 ( 4.16 + VAT )	

<b>Company</b>	<b>33. Are there any alternative solutions or matters that should be considered by the Working Group?</b>	<b>34.</b>
British Gas	n/a	
SP Distribution and SP Manweb	No.	
The Electricity Network Company	We note that this proposed change applies to DNOs only and not to IDNOs. Is this the intent of the change proposal.	
Gazprom Energy	n/a	

<p>ESP Electricity</p>	<p>ESPE would like the WG to consider the negative impact on the customer experience of receiving conflicting approaches by the distributor on applying default values.</p> <p>The distribution parties (both DNOs and IDNOs) have already completed much work in this area by writing to all PC5-8 customers who may be affected by the change and advising on the relevant distributor's plan of action e.g. to apply a zero capacity at start up or to apply a default etc. It would require a further round of communication if the agreed solution was different to the distributor's original stance.</p> <p>This amounts to tens of thousands of letters and the associated costs. Further communication to the customer amending the change in the transfer plans will not provide the customer with any confidence in either of the approaches and would negatively impact on the customer experience as a result.</p> <p>ESPE believes this CP is unnecessary as the Supplier should already hold information on maximum demands (either actual or estimated) having negotiated the original contract with the customer. If the supplier provided that information to the distributor, the distributor could set the appropriate level at the outset and increase/reduce as usual going forward. ESPE makes the assumption that when a Supplier is intending to migrate a customer from the current PC5-8 tariff to the LV HH Metered tariff (where CTs are installed); the Supplier will discuss and advise on the level of capacity being agreed as part of their contract with the customer. The supplier could then either communicate that value to the distributor prior to the transfer, or ask the customer to contact the distributor if they are not in agreement with the level proposed under the new contract.</p>	
<p>UK Power Networks</p>	<p>The group should consider whether any of the recommended approaches discriminates as between customers, particularly as between those already on HH tariffs (or moving into such premises)</p>	

	<p>and P272 customers.</p> <p>There is also the question of whether customers who have migrated under P272, prior to the implementation of this change, are disadvantaged by this change, particularly Options 2, 3 and 4.</p> <p>It should also be noted that by varying Schedule 16, this change would only apply to DNOs operating in their distribution services area and not to IDNOs or out of area DNOs.</p>	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	No.	
Opus Energy Ltd	<p>Yes - Potentially those customers that have already agreed an MIC with their DNO could be excluded from the process, subject to that customer being contacted to confirm that they are satisfied with the agreement. This could reduce customer volumes impacted.</p> <p>We recommend also, that consideration is given regarding whether there could be any potential complications for customers on an IDNO network (for example, regarding billing of excess capacity charges).</p>	
Northern Powergrid	None at this time.	

Northeast and Yorkshire		
Npower Ltd	<p>Yes. Options 2,3,4 apply to all future customers but are difficult/impossible to apply retrospectively i.e. to customers who have already moved to HH as a result of P272, prior to this modification being approved.</p> <p>A possible suggestion is a hybrid option where option 1 is used for customers that have moved to HH before a defined date (say 1 month after approval?) and option [3] is applied on and after that date. This may be a better option as it will positively benefit more customers and also give the DNOs time to change approach.</p> <p>This proposal does introduce additional complexity to the solution which may make it unviable.</p>	
Scottish Power Energy Retail Limited	No	
SmartestEnergy	No	
Electricity North West	<p>We believe that:</p> <ul style="list-style-type: none"> <li>• further analysis is required due to the potential inaccuracies of the data currently being provided. We see contrary evidence that this is an issue;</li> <li>• 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);</li> <li>• if a customer wants to agree a MIC in excess of the values</li> </ul>	

	<p>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;</p> <ul style="list-style-type: none"> <li>• the legal text is far from complete;</li> <li>• the working group assessment is somewhat premature regarding their belief that a further consultation is not required;</li> <li>• there is no review of the potential impact/conflict with the National Terms of Connection;</li> <li>• there is no pros and cons of the options identified;</li> <li>• 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;</li> <li>• 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</li> <li>• 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?</li> </ul> <p>We bill the Supplier and not the end customer. We do not know whether such arrangements (MIC charges) are contained within the commercial offerings to the end customer. If a credit is provided to the Supplier we want an obligation to pass back such a credit to the customer irrespective of any commercial arrangement that exists. This must not be seen as a Supplier windfall.</p>	
<p>SSE Energy</p>	<p>No.</p>	

Supply		
Western Power Distribution	none	