UMS Investigation

## **Consultation Document**

Version 02 - Basic Solution, text doesn’t provide detail on exclusions - sent to WG on 18/05

**Meeting on 19 May**

Version 03 - More detailed solution, including detail on exclusions (UMS) - sent to WG on 26/05

## **Legal Text Documents**

Version circulated by Chirs Ong (08/05) basic legal text, no mention of exclusions

**Meeting on 19 May**

Version circulated by Dylan with minutes (26/05) text includes exclusions (UMS)

**Previous Decisions**

## **Text taken from 3rd Consultation Document (conclusions resulting from 2nd Consultation)**

**Operational Solutions for Options A and B**

* 1. The Working Group have considered a number of separate areas which impact both Option A and B as currently drafted, these are:
  2. **Splits….**
  3. **Independent Connection Provider (ICP) data** – The data in CN2/CR5 includes data relating to jobs where some work has been carried out by an ICP and some work by the DNO. The Working Group agreed that such data will be excluded from the calculation as there is a risk of understating the customer contribution that is being reported. This is because jobs which have been partially carried out by an ICP will appear in the DNO’s reporting with only the cost to the DNO, hence the customer contribution made direct to the ICP will not be reported by the DNO, and so the customer contribution will be understated. ICPs do not provide information to Ofgem as they are not licenced by Ofgem, so there is no equivalent reporting available for ICP work.
  4. **Distributed Generation (DG) and Unmetered Supplies (UMS)** **data –** The Working group considered whether DG and UMS connections should be included. It was observed that costs for these connections in DPCR5 were reported in CN3 (DG) and CN4-6 (UMS). It was agreed that the data should be included for UMS as these are connections to the network; they have (at least in part) been contributed to by the customer and are included in the 500MW model, which is used as the initial cost base within the CDCM. It was however agreed that DG should be excluded, mainly as DG is not included as part of the current 500MW model.

**Possible related information**

Minutes from 24 April (Meeting 15)

The Working Group reviewed the Power Data Associates response and their corresponding comment made at the time of reviewing the responses to Question 9 from the first consultation. The question was seeking to find out if there was any wider industry developments that could have an impact on this CP. The respondent noted that they were not clear how the contribution figures account for ICP activity. During the review of the first consultation responses the Working Group had noted, *‘The Working Group noted the comment and agreed to pick this up as the CP progresses.’* The Working Group considers that the contribution made is still factored in as all customers are discounted whether connected to an ICP or not.

Reference Below

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| I not clear how these contribution figures account for the ICP activity. Where the DNO is adopting perfectly good network extension rather than being paid a customer contribution for the DNO to build a network extension.  How does this interact with service model costs? In the service models costs are estimated for various connection arrangements, this is high for unmetered because the cost of a service is high in relation to small energy consumed. In the unmetered arrangements the customer pays the *full* cost of these works (new connections, changes and removals), do these payments contribute the ‘customer contributions pot’? If they do, then this full cost should be reflected back on the unmetered customer, rather than all LV customers, as the unmetered customers are paying a disproportionately high element of the contributions compared to their energy use. | The Working Group noted the comment and agreed to pick this up as the CP progresses. It was agreed that further consideration is required on the service model costs. |