

DCP 242 Collated Consultation Responses

Company	Confidential/Anonymous	1. Do you understand the intent of DCP 242? Please provide supporting comments.	Working Group Response
			The Working Group note that all the respondents understand the intent of DCP 242.
Northern Powergrid	Non-confidential	Yes. We acknowledge concerns that failure to agree an appropriate maximum import capacity (MIC) with a customer, specifically whereby the MIC is lower than the capacity needed, could result in a customer being charged the differential at a higher rate (potentially three times higher from our impact analysis). Likewise, a customer may be charged for more capacity than they require if the MIC set too high, and we consider it imperative that the MIC agreed must also not represent a safety concern in relation to the metering and fuse capability at the point of connection. PLEASE NOTE THE DCP REFERENCED AT THE TOP OF THIS PAGE REFERS TO DCP 230.	
SSE Supply	Non-confidential	Yes	
Opus Energy Ltd	Non-confidential	Yes. Under P272, where Profile Class 5 to 8 customers move to HH billing, the HH tariff requires DNOs to charge for capacity based upon the customer's Maximum Import Capacity (MIC). Because robust MIC information does not always exist between the DNO and Profile Class 5 to 8 customers, it may be necessary for example, for a DNO average to be used. As a result, customers could potentially bear higher rate excess	

		capacity charges even though their deemed chargeable capacity may differ from their actual Maximum Demand.	
SP Distribu tion / SP Manweb	Non- confident ial	Yes SPEN understand the intent of DCP242.	
UK Power Network s	Non- confident ial	Yes	
Supplier 1	Confiden tial	Yes. To defer the implementation of when DCP 161 takes effect and support a smoother transferral of profile class 5 to 8 customers with CTs over to HH charging.	
GTC	Non- confident ial	Yes, to defer the implementation date of DCP 161 to a later date which may be more suitable.	
PCMG	Non- Confiden tial	Yes. The intent of DCP 242 is to defer the implementation of changes to excess capacity charges, to allow for appropriate capacity levels to be set for the numerous newly half hourly settled MPANs resulting from the BSC modification P272.	
Scottish Power Energy Retail Ltd	Non- confident ial	Yes we understand the intent of the Change, to postpone the introduction of changes to Excess Capacity Charges.	

SmartestEnergy	Non-confidential	Yes	
RWE NPower	Non-confidential	Yes. We understand that excess capacity charges will be charged to customers in April 2016 under the current framework as established in DCP161. DCP242 looks to alleviate the potential impact this will have on customers due to the implementation arrangements of BSC changes P272 and P322.	
Western Power Distribution	Non-confidential	Yes	

Company	Confidential/Anonymous	2. Are you supportive of the principles of DCP 242? Please provide supporting comments.	Working Group Response
Northern Powergrid	Non-confidential	No. Although we understand and appreciate the intention of DCP 242 we believe that we are simply delaying the inevitable and through necessary due diligence, and with supplier cooperation, DNOs have had sufficient time to engage with the impacted parties and agree an appropriate MIC with customers. However, we do acknowledge the difficulties associated with this, but consider the industry should be working together to ensure the customer experience is not detrimental. We are concerned that this delay will reflect negatively upon DNOs efforts in pursuit of agreeing a MIC, when we have already allocated significant effort and resources to	The Working Group note the concerns of Northern Powergrid, but feel that DCP 230 will address concerns for the customer, and help to ensure a smooth transition. As customers that move from NHH to HH, they may not understand all the implications associated with these associated changes, and therefore this CP will allow more time for these to be communicated to customers.

		<p>address this ahead of the original implementation date</p> <p>The working group on BSC change P272 'Mandatory Half Hourly Settlement for Profile Classes 5-8' proposed an implementation date of 1 April 2016 to enable customers to have time to respond to this change and minimise the number of customers affected by mid-contract changes, and we consider some industry proposals since proposed undermine this agreed position, which reflects negatively on the DCUSA process and industry participants.</p> <p>The approval of BSC change P322 'Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8', and the associated delay to the implementation of P272 by 12 months to 1 April 2017, further weakens the need for approval of this change. We believe that with a view of supplier migration plans, and liaising with suppliers throughout this process, the industry can facilitate a smooth transfer of profile class 5-8 customers to half hourly trading.</p> <p>In response to the DCP 161 consultation, suppliers were generally in favour of a later implementation date for DCP 161 whilst DNOs were in favour of an earlier implementation date. Suppliers argued that customers needed sufficient notice of the change to enable them to put in place measures to reduce the impact on them of the change. Customers have now had this notice, and may have taken steps to prepare for implementation. Delaying implementation now undermines the reasoning behind the long lead time for DCP 161. DNOs argued that DCP 161 should be implemented as soon as possible in order for the benefits to be seen as soon as possible. Delaying implementation undermines this</p>	
--	--	--	--

		also.	
SSE Supply	Non-confidential	Yes. We must avoid charging customers for exceed Available Capacity on the basis of incorrect Maximum Import Capacity figures.	
Opus Energy Ltd	Non-confidential	Yes. We support the DCUSA Working Group recommendation for a deferment to 2018 believing that DCUSA Charging Objectives 3 and 4 would be better facilitated as a result of this change being progressed as the higher excess capacity charges would not be applied to customers who have not understood the change; therefore these customers would not be overcharged.	
Opus Energy Ltd	Non-confidential	We support the DCUSA Working Group recommendation for a deferment to 2018 believing that DCUSA Charging Objectives 3 and 4 would be better facilitated as a result of this change being progressed because the longer period would allow more opportunity for customers to understand the implications of determining the correct MIC value. It would be unfair for consumers to bear excess MIC charges without an opportunity having been given to help ensure that they understand the charges.	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN are supportive of the principles of DCP242.	
UK Power Network	Non-confidential	We are not supportive of the proposal. The deferral will cause further uncertainty to the level of charges and add further delay to the work that has been undertaken	

s		<p>to introduce the charges for excess capacity. Consequently this change proposal will add unnecessary delay to a change which has been implemented to improve the cost reflectivity of charges.</p> <p>Additionally the approval of BSC change P322 allows for migration to be undertaken in a phased approach. This then adds further rationale for why this change proposal is not required as the issues highlighted in the intent of DCP 242 can be addressed through the phasing.</p> <p>We do not believe that there is sufficient justification in the proposal to explain how an increase in time will solve the issue highlighted.</p>	
Supplier 1	Confidential	Yes	
GTC	Non-confidential	Yes, as P272 has been deferred and will have a direct consequential impact on this change it seems reasonable that this is deferred in line or as a result of this deferment. It could cause disparity and confusion for end consumers to leave the implementation date as is.	
PCMG	Non-Confidential	<p>Yes. We believe that in the absence of DCP 242, there are 2 potential scenarios both of which are damaging:</p> <p>1.) The DNOs do nothing and thousands of small business customers are penalised with excess capacity charges that they have no awareness of.</p> <p>2.) The DNOs set available capacity levels across the board using flawed data / averages, resulting in inappropriate charging that will not be cost reflective</p>	

		<p>and could take years to unpick.</p> <p>The purpose of DCP 161 was to incentivise customers not to exceed their available capacity level, to reduce stress on the network. If newly half hourly customers are penalised (as is likely if DCP 242 is not approved), many of these customers will not understand their capacity level and will not be causing stress on the network, as such the purpose of DCP 161 will not be achieved.</p>	
Scottish Power Energy Retail Ltd	Non-confidential	We are supportive of the intent of DCP 242 for reasons noted in our answer to question 4	
SmartestEnergy	Non-confidential	<p>No. We assume that deferring implementation of DCP 161 will cause higher prices in the normal part of the tariff. For many of our customers we work on the basis that we price DUoS into a fixed tariff but pass through any excess capacity charges. We have already been pricing customers on the basis that the proportion of the allowed revenue recovered from excess capacity charging will be increasing. If the excess capacity charges are maintained at their current levels, then the normal tariffs will be higher than they would otherwise have been. Having already priced fixed business which covers the period after 1st April 2016, we as a supplier would incur a loss.</p> <p>We do not believe that DCP161 has anything to do with the "smooth transference of Profile Class 5 to 8 customers with CTs to HH charging." Supplier's should be working with their customers to identify where they are being inappropriately charged in advance of the April 2016</p>	The Working Group note the points raised in this response, however, the situation identified would be the same for any CP that affects charges.

		deadline.	
RWE NPower	Non- confident ial	Yes we are supportive of the principles of DCP242. DCP161 will now have the unintended effect of penalising customers who have not had an opportunity to agree an appropriate capacity with the DNO. Therefore ensuring that excess capacity charging is implemented at a later date will protect those customers from charges they would not be able to expect if they breached the capacity assigned to them by the DNO after moving to HH settlement.	
Western Power Distribu tion	Non- confident ial	Yes, we are supportive of the principle behind DCP242	

Compa ny	Confide ntial/ Anonym ous	3. Do you have any comments on the proposed legal text? Please provide supporting comments.	Working Group Response
			The Working Group note that the overall majority of respondents did not have any comments on the legal drafting.
Norther n Powergr id	Non- confident ial	No comments at this time.	
SSE	Non-	No	

Supply	confidential		
Opus Energy Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments.	
UK Power Networks	Non-confidential	No	
Supplier 1	Confidential	No	
GTC	Non-confidential	No	
PCMG	Non-Confidential	The legal text is not in line with the agreement of the working group – it suggests that excess capacity charges should be introduced from April 2017, whereas the working group “agree that the deferment that this CP will recommend should last until 2018 in order to obtain MIC data for all customers which will enable a better measure to be used to set the capacity levels”.	The Working Group note the comments within this response, and once consulted upon, the deferment date will be reflected in the final version of legal text that will be put forward. (Please see Q4 below)
Scottish Power Energy	Non-confidential	No further comment	

Retail Ltd			
SmartestEnergy	Non-confidential	No	
RWE NPower	Non-confidential	No	
Western Power Distribution	Non-confidential	None but please note it needs to be changed should the group recommend and Ofgem approve a delay until April 2018	

Company	Confidential/Anonymous	4. The Working Group agrees that the deferment that this CP will recommend should last until 2018 in order to obtain MIC data for all customers which will enable a better measure to be used to set the capacity levels; do you agree with this view? Please provide supporting comments.	
			The Working Group note that the majority of respondents agree that the deferment should last until April 2018
Northern Powergrid	Non-confidential	Yes. If DCP242 is to be approved we believe this is essential to fully satisfy the customer benefits intended. An implementation date earlier than 1 April 2018 would provide unnecessary complication when setting charges for 2016/17 and 2017/18 late 2015, whereby DNOs would be required to issue two different charging models (i.e. one for 2016/17 with the same excess and	

		agreed capacity charges, and one for 2017/18 with a differential). We therefore believe the implementation date should be 1 April 2018 (i.e. after the transition to 15 month's notice of charges is complete) if DCP 242 is to be approved. This removes the need for two charging models and therefore the need to make assumptions on migrated customers, in particular whilst DNOs are without visibility of supplier migration plans.	
SSE Supply	Non-confidential	Yes. Given that the P 272 migration process won't be finished before April 2017, it would be reasonable to start charging for Exceeded Available Capacity in the following year when MIC values should be available for all of the migrated customers.	
Opus Energy Ltd	Non-confidential	Yes.	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN agree with this view.	
UK Power Networks	Non-confidential	No we do not agree, see response to question 2.	
Supplier 1	Confidential	Yes, the proposed modification will minimise charge disruption for customers with CT meters who migrate from NHH to HH under P272.	
GTC	Non-confidential	We consider our view on this to be neutral as the change report does not give a clear idea what the	

	ial	justification for this date being chosen is or why it should be longer than the new P272 implementation date? We would like to see more information on this before providing a viewpoint.	
PCMG	Non-Confidential	No, we believe that this CP should last until 2019, on the basis that BSC modification P322 has been approved, and this means that some supplies will only become half hourly with effect from 1 st April 2017. To ensure that at least 2 years of demand data is gathered for all supplies, DCP 242 will need to be effective up to 1 st April 2019.	
Scottish Power Energy Retail Ltd	Non-confidential	<p>The accuracy of capacities for PC5-8 Customers is a potential issue and it would be unfair to penalise Customers as a result of this. Checks would need to take place to ensure the accuracy of the existing MIC in the first instance; potentially customers may find themselves subject to higher charges in April 2016 if DCP 161 is implemented at this time.</p> <p>In addition the deferment of DCP 161 may allow those customers with no previous network knowledge time to understand the capacity changes and the potential impacts on their charges.</p>	
SmartestEnergy	Non-confidential	No. We believe that DCP161 should be implemented as planned on 1 st April 2016	
RWE NPower	Non-confidential	We agree that this is the correct approach as BSC change P322 now establishes that all customers will be	

	ial	HH metered by April 2017. Moving excess capacity charging to April 2018 – a year later – gives customers and network owners sufficient opportunity to ensure the capacity values are correct before levying penal rates on those customers that breach these agreed levels.	
Western Power Distribution	Non-confidential	Our view is that the deferment should be to at least April 2017. If the deferment was until April 2018 then as all CT customers would have moved to HH tariffs for at least a year and so the DNO would have very good data in which to make adjustments to the MICs before the increased excess charge came in to place. This would delay the benefits of DCP161 by an additional year but these would be outweighed by the benefits to customer service. In these circumstances it would be unfair to charge a penal rate.	

Company	Confidential/Anonymous	5. The Working Group feels that DCUSA Charging Objective 3 and Charging Objective 4 would be better facilitated by the implementation of DCP 242; please provide your comments on this and any other DCUSA General Objective you feel will be impacted by DCP 242.	Working Group Response
			The Working Group note that the majority of respondents agree that DCUSA Charging Objectives 3 and 4 would be better facilitated by DCP 242 being implemented.
Northern Powergrid	Non-confidential	We do not consider DCP 242 better facilitates these objectives than DCP 161 'Excess Capacity Charges' to	The Working Group note the comments contained within this response.

id		<p>which it aims to defer.</p> <p>In their DCP 161 decision document, Ofgem stated:</p> <p><i>"We have considered the arguments in relation to this charging objective [3]. We consider that DNOs could at times incur additional costs resulting from the use of excess capacity."</i></p> <p><i>"Where customers make a capital contribution to reinforcement to meet their agreed import capacities (but not beyond) they are provided with a discount on the capacity charge to reflect this contribution. These customers, however, have not made a contribution to a capacity in excess of this MIC."</i></p> <p><i>"We have considered the impact on customers who remain within their MIC. These and all other customers are effectively cross subsidising those who exceed their MIC but do not pay the full undiscounted capacity charge."</i></p> <p>A delay to the implementation of DCP 161 will be detrimental to DCUSA General Objective three and Charging Objective three as the cross subsidy identified above will continue for a further two years.</p>	
SSE Supply	Non-confidential	I agree with the Working Group's assessment.	
Opus Energy Ltd	Non-confidential	We support the DCUSA Working Group recommendation for a deferment to 2018 believing that DCUSA Charging Objectives 3 and 4 would be better facilitated as a result of this change being progressed because the longer period would allow more opportunity for customers to	

		understand the implications of determining the correct MIC value. It would be unfair for consumers to bear excess MIC charges without an opportunity having been given to help ensure that they understand the charges.	
SP Distribution / SP Manweb	Non-confidential	SPEN agree that this CP would better facilitate DCUSA Charging Objective 3 and 4 for the reasons detailed in the CP.	
UK Power Networks	Non-confidential	We believe that delaying this change will not better facilitate any of the General or Charging objectives	
Supplier 1	Confidential	No comment	
GTC	Non-confidential	We agree with the working groups' analysis.	
PCMG	Non-Confidential	Yes, I agree that the implementation of DCP 242 would better facilitate DCUSA Charging Objective 3 and 4. It would prevent needless administration and inaccurate charging that is not cost reflective.	
Scottish Power Energy Retail Ltd	Non-confidential	We concur that DCUSA Charging objective 3 and 4 would be better facilitated by the implementation of DCP 242 Mitigate the risks to customers who may not have previous knowledge of networks and charges	

SmartestEnergy	Non-confidential	We do not agree with the Working Group	
RWE NPower	Non-confidential	We agree with the workgroups views.	
Western Power Distribution	Non-confidential	We agree with the working group	

Company	Confidential/Anonymous	6. The Working Group feel that an implementation date concurrent with the introduction of DCP 178, 5 November 2015, is necessary in order for the deferment to take effect; do you agree with this view? Please provide supporting comments.	Working Group Response
			The Working Group note that the majority of respondents agree with an implementation date of 5 November 2015
Northern Powergrid	Non-confidential	If DCP 242 is approved we are happy with the implementation of 5 November 2015, with the principles of the change applicable from 1 April 2018.	
SSE Supply	Non-confidential	Yes.	
Opus Energy	Non-confidential	Yes. We are supportive of DCP 178 and agree with the Working Group position.	

Ltd	ial		
SP Distribu tion / SP Manweb	Non- confident ial	Yes SPEN agree with this view.	
UK Power Network s	Non- confident ial	We do not agree with the deferment, see response to question 2.	
Supplier 1	Confiden tial	It hasn't been made clear in this consultation document how moving the implementation date forward to 05/11/15 from the original 01/04/16 implementation date is necessary in order for the deferment to take effect. Would aligning the implementation date of this change with the implementation date for the notification period for change of use of system charges bring about a smoother transition for profile class 5 to 8 customers with CTs? Could more clarity be given on this matter please?	The Working Group notes the comments within this response. As DCP 178 will be implemented on 5 November 2015, any changes to charges will be subject to a 15 month notice period. Therefore, in order for this CP to be implemented before that time, it will be necessary to implement on the same date as DCP 178 – 5 November 2015.
GTC	Non- confident ial	It is important that this information can be included in Distribution charging statements and therefore we can see the rationale around this suggestion. It's unclear however if implementation would need to be in place in order for this to be achieved, as wouldn't the receipt of a decision also be sufficient enough for this to occur? We would probably prefer to see further justification for this in order to give a point of view however we have no strong opinion if it is felt by the majority of parties that this is required.	
PCMG	Non-	I do not have a view on an implementation date except	

	Confidential	that it should be prior to the publication of any charging statements.	
Scottish Power Energy Retail Ltd	Non-confidential	We understand that DCP 178 implementation date of November 2015 will allow prices to be set 15 months in advance; however we require a further explanation of the impacts to be able to provide comment.	
SmartestEnergy	Non-confidential	The new charges would not take effect until 1 st April 2016.	
RWE NPower	Non-confidential	We agree that for the avoidance of any potential doubt around the viability of the change that this implementation proposal should be followed.	
Western Power Distribution	Non-confidential	The deferment needs to be implemented before prices are set in December 2015.	

Company	Confidential/Anonymous	7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Response
			The Working Group notes the comments contained within the responses, and feels that regardless of the other BSC changes that are being implemented – DCP 242 is still a necessary change in order to address issues for customers.

Northern Powergrid	Non-confidential	As commented we believe the approval of BSC change P322 and the associated deferral of P272 implementation date diminishes the need for this change.	
SSE Supply	Non-confidential	No	
Opus Energy Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	SPEN are not aware of any wider industry developments that may impact upon or be impacted by this CP.	
UK Power Networks	Non-confidential	BSC change P322.	
Supplier 1	Confidential	None that have not been mentioned in this consultation document.	
GTC	Non-confidential	Consideration to the deferment of P272 would probably be helpful. Supplier plans under P322 may also be impacted by this change and this may need to be considered also.	
PCMG	Non-Confidential	Yes, P322 – see answer to question 4.	

Scottish Power Energy Retail Ltd	Non-confidential	Click here to enter text.	
SmartestEnergy	Non-confidential	No. Only the P272 issues identified in the consultation document.	
RWE NPower	Non-confidential	No	
Western Power Distribution	Non-confidential	It enables the smooth implementation of P272, P300, P322 and DCP179.	

Company	Confidential/Anonymous	8. Are there any unintended consequences that should be considered by the Working Group?	Working Group Response
Northern Powergrid	Non-confidential	As commented we believe this change could potentially reflect negatively on the industry, specifically the DCUSA process, DNOs, and DNO-supplier relationships.	The Working Group note the concerns raised within this response, but feel the benefits to the customer will outweigh these concerns.
SSE Supply	Non-confidential	No	

Opus Energy Ltd	Non-confidential	No comment.	
SP Distribution / SP Manweb	Non-confidential	None.	
UK Power Networks	Non-confidential	No.	
Supplier 1	Confidential	No	
GTC	Non-confidential	None that we are aware of.	
PCMG	Non-Confidential	N/A	
Scottish Power Energy Retail Ltd	Non-confidential	Click here to enter text.	
SmartestEnergy	Non-confidential	There are no unintended consequences that we are aware of other than those identified above.	

RWE NPower	Non- confident ial	No. We believe that this change rectifies a previous unintended consequences of DCP161 – ie the potential to charge new half hourly settled customers excess capacities before they have an opportunity to agree appropriate values.	
Western Power Distribu tion	Non- confident ial	None	