



## **DCUSA Consultation**

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### DCP 242– Defer the Implementation of Changes to Excess Capacity Charges

## PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties, interested third parties, and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 242 'Defer the Implementation of Changes to Excess Capacity Charges'.
- 1.3 Parties are invited to consider the proposed legal drafting set out in Attachment 2 to this document and submit comments using the response form provided as Attachment 1 to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) by **6 July 2015**.

## 2 DCP 242 'Defer the Implementation of Changes to Excess Capacity Charges'

- 2.1 DCP 242 has been raised by Western Power Distribution and seeks to defer the implementation of changes to Excess Capacity Charges.
- 2.2 The Proposer explains that DCP 161 'Excess Capacity Charges' increased the charging rate for excess capacity charges and has been approved for implementation by Ofgem beginning in April 2016. It was further noted that DCP179<sup>1</sup>/ P272<sup>2</sup>/ P300<sup>3</sup> have also been approved by Ofgem for Half Hourly (HH) and the new HH aggregate tariffs.
- 2.3 P272 is a Balancing & Settlement Code (BSC) modification that requires suppliers to move all Profile Class 5 to 8 customers to either a HH aggregate or HH tariff . The HH tariff requires the DNOs to charge for capacity based on the customer's Maximum Import Capacity (MIC).
- 2.4 The Proposer notes that in some cases the MIC does not exist between the DNO and the customer for the Profile Class 5 to 8 customers; but as part of the implementation process the DNOs are using maximum demand data to fill in the gaps where possible. As the

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<sup>1</sup> Amending the CDCM tariff structure

<sup>2</sup> Mandatory Half Hourly Settlement for Profile Classes 5-8

<sup>3</sup> Introduction of new Measurement Classes to support Half Hourly DCUSA Tariff Changes (DCP179)

maximum demand data does not always exist or is not robust (contains erroneous values) there will still remain a number of customers where the DNO does not have any information and will have to use another number which could be a DNO average or the DNO could use a different number based on the level of expected consumption for a Current Transformer (CT) to be implemented.

- 2.5 It is highlighted that whilst all DNOs are writing out to customers to agree a deemed chargeable capacity there will be some cases where the letter is not read by the customer or the change is not actually understood by a customer as they may have no prior knowledge of network charges.
- 2.6 The Proposer feels that if DCP 161 was to begin in April 2016 these customers will be charged a higher rate for using capacity in excess of the deemed chargeable capacity even though the deemed chargeable capacity could be based on an average or another value which could be very different to the customers actual maximum demand. This could lead to overcharging and hinder the smooth transference of Profile Class 5 to 8 customers with CTs to HH charging.
- 2.7 If DCP 161 was to be deferred then all parties including the customer, would have greater visibility of their actual HH consumption data which could be used to determine the capacity value to be applied.

### **3 WORKING GROUP ASSESSMENT**

- 3.1 The DCUSA Panel has established a DCP 242 Working Group which consists of DNO, Supplier and Ofgem representatives, it is noted that all DCUSA Parties were invited to attend.

### **4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES**

- 4.1 The Working Group reviewed the CP against the DCUSA Objectives and agree that DCP 242 better facilitates DCUSA Charging Objective 3<sup>4</sup> and Charging Objective 4<sup>5</sup>.

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<sup>4</sup> 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

- 4.2 The Working Group feel 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.

## **5 LEGAL DRAFTING**

- 5.1 The proposed legal drafting is included as Attachment 2.

## **6 IMPLEMENTATION**

- 6.1 The proposed implementation date for DCP 242, subject to Authority consent, is 5 November 2015 to align with the implementation of DCP 178<sup>6</sup>.

## **7 CONSULTATION**

- 7.1 The Working Group is seeking views on these questions:
1. Do you understand the intent of DCP 242? Please provide supporting comments.
  2. Are you supportive of the principles of DCP 242? Please provide supporting comments.
  3. Do you have any comments on the proposed legal text? Please provide supporting comments.
  4. 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; do you agree with this view? Please provide supporting comments.
  5. The Working Group feels that DCUSA Charging Objective 3<sup>7</sup> and Charging Objective 4<sup>8</sup> would be better facilitated by the implementation of DCP 242; please provide

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<sup>5</sup> that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business

<sup>6</sup> Notification Period for Change to Use of System Charges

<sup>7</sup> 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

<sup>8</sup> that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business

your comments on this and any other DCUSA General Objective you feel will be impacted by DCP 242.

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.
  7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
  8. Are there any unintended consequences that should be considered by the Working Group?
- 7.2 Responses should be submitted using Attachment 1 to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) no later than **6 July 2015**.
- 7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## **8 NEXT STEPS**

- 8.1 Responses to the Consultation will be reviewed by the DCP 242 Working Group. The Working Group will then determine the progression route for the CP.
- 8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to [DCUSA@electralink.co.uk](mailto:DCUSA@electralink.co.uk) or telephone 020 7432 3014.

## **9 ATTACHMENTS**

Attachment 1 – DCP 242 Consultation Response Form

Attachment 2 – DCP 242 Proposed Legal Drafting

Attachment 3 – DCP 242 Change Proposal