

**DCUSA DCP 228 CHANGE DECLARATION****VOTING END DATE: 5 OCTOBER 2016**

DCP 228 – REVENUE MATCHING IN THE CDCM	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
IMPLEMENTATION DATE	Accept	n/a	Reject	n/a	n/a
RECOMMENDATION	<p><b>Implementation Date – Reject.</b></p> <p>For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was not greater than 50%.</p>				
PART ONE / PART TWO	<b>Part One</b> – Authority Determination Required				

PARTY	IMPLEMENTATION DATE (A / R)	RATIONALE FOR VOTE
<b>DNO PARTIES</b>		
Electricity North West	Accept	Due to the 15 months notice period for tariffs, the date of 1 April 2018 is the earliest and most appropriate for implementation.
Eastern Power Networks	Accept	We cannot commence pricing for 1 April 2018 until new CDCM & EDCM models are produced that incorporate all DCUSA changes approved for implementation in that charging year. We will need these models by 18 November to allow prices to be determined and internal governance sign-off processes to be complied with prior to publication. We envisage that it would take two weeks for DCUSA to
London Power Networks		
South Eastern Power Networks		

		develop and test any new CDCM & EDCM models following Ofgem's determination on any outstanding DCP. We have assumed that Ofgem will make its determination in a timely manner to allow sufficient lead time for DCUSA and the DNOs to react accordingly to deliver 1 April 2018 implementation.
Northern Powergrid (Northeast) Limited	Accept	We support this change and agree that it should be implemented as early as possible, therefore use of system charges effective from 1 April 2018.
Northern Powergrid (Yorkshire) Plc		On the assumption this decision is the agreed position, and cognisant of the delays already associated with this change, we encourage communication of the decision and receipt of a model reflecting this and any other approved changes at the very earliest opportunity, to provide DNOs sufficient time to set use of system charges for 2018/19 in December 2016.
SP Distribution	Accept	Earliest possible implementation date given the 15 months' notice.
SP Manweb		
Southern Electric Power Distribution plc	Accept	Although we vote to accept the implementation date of 1st April 2018, we do so with a residual concern about the date by which the revised CDCM model might be released.
Scottish Hydro Electric Power Distribution plc		<p>In order to set accurate, cost reflective annual tariffs we must work to a strict timetable that includes processes for calculation, validation and Board approval prior to publication. Should the 1st April 2018 be approved as the DCP228 implementation date, any delay in releasing the revised CDCM adds risk to our processes.</p> <p>We note the timetable (as set out in para 3.2 of the DCUSA Invitation to Vote document dated 23 Sept 2016) and urge that this is accelerated to the extent possible.</p>

		Additionally, in our initial consultation response we commented on the unresolved issue of material negative impacts for some customer groups arising from DCP228 implementation. We note Ofgem's comments pertaining to these customers in the decision document of 8th September 2016.
Western Power Distribution (East Midlands)	Accept	WPD agree that this should be implemented at the earliest possible date.
Western Power Distribution (West Midlands)		
Western Power Distribution (South Wales)		
Western Power Distribution (South West)		
<b>IDNO PARTIES</b>		
No votes received		
<b>SUPPLIER PARTIES</b>		
British Gas	Accept	As per Ofgem DCP 228 decision letter
E.ON	Reject	We propose that implementation of DCP228 be postponed to 1 April 2019. This would be preferable as by the time the implementation date has been confirmed (11 November) we will have already completed the 'October Sales Round' where the majority of business customer volume will have been secured for future periods. We have also already contracted with some of our larger business customers for electricity to be consumed during the April 18 to March 19 period.

		<p>We do recognise as per the Ofgem decision that 'this change has been known about for some time'. However due to the fact that the DCUSA panel originally rejected the change as well as the lack of an indication from Ofgem regarding when a decision might be made we felt it would have been unfair for us as a supplier to take a view on the implementation date and recover the indicated changes to DUoS rates (particularly with impacts ranging between -100% to +600% movements for some customer groups in the distribution part of their energy bills) as a result of this change proposal.</p> <p>We are also mindful of other proposed changes to the charging models and therefore suggest implementation date of April 2019</p>
Gazprom Marketing & Trading Retail Ltd	Reject	<p>CP228 will materially alter the revenue recovered from different DUoS tariffs as well as the unit rates that customers are charged in different time periods.</p> <p>The impact assessment shows certain unit rates may change by hundreds or thousands of percent. We believe changes of this magnitude may impact on competition if brought in at such short notice, where suppliers may have fixed price contracts that will not have been able to anticipate such major changes to DUoS.</p> <p>Where customers are on pass-through DUoS contracts with their supplier, it will be customers directly who will face the DUoS price shock with little notice. This will be particularly unfortunate for customers that may have looked to response to DUoS red-time band signals and moved demand away from peak periods only for that business case to now be significantly impacted.</p> <p>We believe the very earliest DCP228 should be implemented is April 2019, with April 2020 more equitable as it would see a three year notice period between decision and implementation which we believe to be wise for such a significant change.</p>

**DISTRIBUTED GENERATOR PARTIES**

No votes received		
<b>GAS SUPPLIER PARTIES</b>		
No votes received		