

DCUSA DCP 222 Consultation responses – collated comments

Company	Confidential/ Anonymous	1. Are you supportive of the intent of DCP 222?	Working Group Comments
Electricity North west	Non-confidential	Yes we agree with the intent of DCP 222	Noted.
Northern Powergrid	Non-confidential	<p>Yes, we understand that it would appear to be unfair for Network Operators to charge reactive power charges to generators who operate, at the instruction of the Network Operator, with a power factor less than 0.95. Currently, under the Common Distribution Charging Methodology (CDCM), those generators would be charged an excess reactive power charge. This is perceived to be unfair given that those generators would be doing so for wider system benefits of all customers.</p> <p>The removal of the excess reactive power charge would therefore be appropriate where a Network Operator requests a generator to operate outside of the 0.95 power factor limit. However, whilst we support the underpinning principles behind this change, we do not see this as an issue that needs addressing currently.</p> <p>We understand that this has been raised following recent Statement of Works Applications to National Grid under the Connection and Use of System Code (CUSC) and that some DNOs are adding connection conditions to generation connection offers to operate to help control reactive flows.</p>	Noted.

		<p>These may result in generators being required to operate outside of the 0.95 power factor limit to help with this system wide voltage control issue.</p> <p>It is not clear to us whether or not this is the right approach given that it is our understanding that no Network Operator has currently required any HV generator to operate outside 0.95 power factor.</p> <p>The consultation states that whilst it is not believed to be an issue in all DNO areas at the current time, it is believed to be an issue in more than one DNO area. We would appreciate a greater understanding of the issue, how this will be managed in relation to National Grid and the potential timeline for this to influence Distribution charges.</p>	
Renewable UK	Non-confidential	Yes	Noted.
RES LTD	Non-confidential	Yes.	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Electric	Non-confidential	No, for a number of reasons elaborated on under Q2 below.	Please refer to the Working Group response to question 2.

Power Distributi on plc			
SP Distributi on and SP Manweb	Non- confidenti al	Yes	Noted.
UK Power Network s	Non- confidenti al	Yes	Noted.
WPD	Non- confidenti al	Yes	Noted.

Compan y	Confident ial/ Anonymo us	2. Are you supportive of the principles of DCP 222?	Working Group Comments
Electricit y North west	Non- confidenti al	Yes we are supportive of the principles of DCP 222	Noted.
Northern Powergri	Non- confidenti	Yes, we are supportive of the principle that generators should not be charged for excess reactive power when they are only	Noted.

d	al	<p>operating under those conditions that would result in those charges being billed at the explicit request of the Network Operator.</p> <p>However, it has not been demonstrated within this consultation that Network Operators currently require CDCM generators to operate under these conditions at a frequency (if at all) that warrants this change. We therefore feel that it would be more prudent to monitor the situation over the next few years.</p>	
Renewable UK	Non-confidential	Yes	Noted.
RES LTD	Non-Confidential	Yes, subject to comments in 9 below	Please refer to the Working Group response to question 9.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	<p>No.</p> <p>No information is presented identifying the scale of the issue the CP seeks to address. We do not currently experience any significant issues with CDCM generator reactive power charges. More information is needed to assist Parties to assess if this is an issue which affects or is likely to affect only a small number of sites in certain locations. If this is the case, perhaps a solution which does not affect DUoS would be more appropriate.</p> <p>The CP seeks to introduce arrangements which would add complexity and administration issues. There would inevitably be significant site-specific technical and contractual reviews required around implementation of tariffs/billing of charges. We do not feel it is appropriate for CDCM tariff application to</p>	Noted.

		<p>require the depth of site-specific consideration and level of administration that this CP could lead to in practice.</p> <p>The CP affects LV and HV connected generation only, which is normally relatively small scale. This level of generation is not typically required to truly assist with issues affecting the national transmission system.</p> <p>In our experience, reactive power issues affecting chargeable capacity are of greater concern to generators. Chargeable capacity issues can also significantly affect EDCM generation which may be truly assisting the transmission system.</p> <p>If approved, the additional tariffs or charging arrangements potentially open up considerable scope for misapplication of tariffs/charge exemptions, erroneous claims for tariff changes, withdrawal of legitimate charges, and other areas of dispute.</p>	
SP Distributi on and SP Manweb	Non- confidenti al	Yes	Noted.
UK Power Network s	Non- confidenti al	No – the narrow scope may lead to a sub-optimal outcome due to being restricted to generation and in entirely removing charges rather than exploring alternative charging arrangements.	Noted.
WPD	Non- confidenti al	Yes	Noted.

Company	Confidential/ Anonymous	3. Are there any unintended consequences of this proposal?	Working Group Comments
Electricity North west	Non-confidential	None that we are currently aware of.	Noted.
Northern Powergrid	Non-confidential	<p>As a consequence of the new tariffs, there will also be new Line Loss Factor Classes(LLFCs) created and it may be necessary to migrate a generation customer between LLFCs dependent on the best view of the Network Operator and what the reactive power requirements will be 15 months hence.</p> <p>The number of LLFCs available in settlements is known to be an issue, (999 per licence) particularly for IDNOs. Consideration needs to be given to how this will be addressed if there are changes approved which require new LLFCs. DCP 179 is currently approved and will require DNOS to create new LLFCs. A BSC change (CP 1434) has been raised, but is only in definition phase therefore there may be a risk if this change is implemented ahead of the additional LLFCs being available.</p>	Noted.
Renewable UK	Non-confidential	It is not clear if it is intended, but the change is a step towards distributed generation being able to provide reactive services not only to the DNO but also to the TSO and, as such, is welcomed.	Noted.

RES LTD	Non-Confidential	see response to 9 below	Please refer to the Working Groups response to question 9.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	<p>Yes.</p> <p>The formalisation of charging arrangements for low power factor could be seen as wider acceptance of low power factor in other respects and which is generally contrary to efficient network operation.</p> <p>The separate tariff proposal would commit further LLFCs, which are already scarce for some distributors, pending industry agreement to a solution to the issue of limited LLFC availability.</p>	Noted.
SP Distribution and SP Manweb	Non-confidential	<p>Yes. This change will impact the kVA calculation of CDCM sites with an associated Import and Export MPANs. If a generator site has large reactive usage, then this will probably impact on the calculation of the Import and/or Export capacity DUOS charge. A similar change to this was made in the EDCM calculating charges, the relevant clause in DCUSA is in schedule 17, clause 20.5, Any reactive flows associated with a site which operates subject to grid code requirements for generation or sites providing voltage control at the request of the DNO Party would not be taken into account when calculating import or export Capacity used.</p>	Noted.

UK Power Networks	Non-confidential	Generators in breach of a lower agreed PF would not get charged for their excess over that agreed value. i.e. a generator who operates within an allowed PF of 0.85 PF. would not incur charges if they operated below 0.85 PF. No equivalent arrangement for demand customers.	Noted.
WPD	Non-confidential	No	Noted.

Company	Confidential/Anonymous	4. The Working Group considers that DCUSA General Objectives 1 ¹ and the DCUSA charging objectives General Objective 3 ² and Charging Objective 1 ³ are better facilitated by DCP 222, do you agree with this opinion? Please provide supporting comments on this and any other DCUSA Objective you feel may be impacted by DCP 222.	Working Group Comments
Electricity North west	Non-confidential	We agree that DCUSA General Objectives 1 ⁴ and the DCUSA charging objectives General Objective 3 ⁵ and Charging Objective 1 ⁶ are better facilitated by DCP 222	Noted.

¹ The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Network

² The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

³ That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence

⁴ The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Network

⁵ The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

⁶ That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence

Northern Powergrid	Non-confidential	<p>General Objective One – The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.</p> <p>Yes, this will ensure generators are not financially penalised or discouraged from operating outside a 0.95 power factor when the Network Operator requires them to.</p> <p>General Objective Three – The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</p> <p>Yes, a common model used by every DNO based upon a common methodology will enable compliance with distribution licences , but could result in inefficient/disproportionate costs being incurred to manage a small number of customers and will add an additional level of complexity to the CDCM.</p> <p>Charging Objective One – That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence.</p> <p>Yes – a common methodology will result in consistency and also transparency of process.</p>	Noted.
Renewable UK	Non-confidential	Yes.	Noted.
RES LTD	Non-Confidential	Yes (although it is arguable regarding General Objective one “efficient distribution network operation”)	Noted.

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We do not agree with this analysis and would argue that the proposals are actually contrary to efficient arrangements.	Noted.
SP Distribution and SP Manweb	Non-confidential	Yes. These objectives are better served by this change, so long as the customer is not affected by a large capacity charge.	Noted.
UK Power Networks	Non-confidential	No – the narrow scope may undermine the betterment of the objectives	Noted.
WPD	Non-confidential	WPD agree with the working groups opinion.	Noted.

Company	Confidential/Anonymo	5. Should a customer who has been asked during the charging year to move Line Loss Factor Class (LLFCs) and operate under these conditions, have their charge be	Working Group Comments
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	us	moved retrospectively?	
Electricity North west	Non-confidential	We are of the view that the Customer should benefit from the date the request is effective. This is no different than the existing processes of tariff changes undertaken by suppliers.	Noted.
Northern Powergrid	Non-confidential	We do not think that a customer should be penalised for following the instructions of the Network Operator and operating outside of a 0.95 power factor – however, the tariff will have been published 15 months in advance so rather than moving a customer during the charging year, there will have to be a rigid process where customers who are expected to operate outside 0.95 power factor are notified of this 15 months in advance of that tariff being applied.	Noted.
Renewable UK	Non-confidential	Yes.	Noted.
RES LTD	Non-Confidential	Yes	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power	Non-confidential	No. There is no valid reason we can see to justify retrospective application and this could be misinterpreted as a precedent for how other LLFC changes in other contexts are handled.	Noted.

Distributi on plc			
SP Distributi on and SP Manweb	Non- confidenti al	No. It should be properly controlled by the DNOs when adding connection conditions to generation connection offers.	Noted.
UK Power Network s	Non- confidenti al	No	Noted.
WPD	Non- confidenti al	No.	Noted.

Compan y	Confident ial/ Anonymo us	6 Should a customer who has been asked to operate outside the 0.95 power factor for a short duration benefit from not being charged for the reactive element for the full year?	Working Group Comments
Electricit y North west	Non- confidenti al	It would be helpful to understand why the question is being asked. Our initial reaction, without further understanding, is that they should only benefit from such a tariff for the duration of the network operator request.	Noted.
Northern Powergri d	Non- confidenti al	It would not seem right that customers receive the benefit for the full year, if it is not required by the Network Operator. There would be the option for a customer to “game” the	Noted.

		system and operate outside a 0.95 power factor even at times they were not explicitly required to do so and they would benefit financially from this action. There is no simple measure that could be put in place that would preclude a generator from acting in this manner.	
Renewable UK	Non-confidential	This may be the most practicable way of doing it.	Noted.
RES LTD	Non-confidential	Not as a rule but it may be less administratively costly to do so	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	No. This also cannot be justified and seems to be a 'sweetener' that is not cost reflective.	Noted.
SP Distribution and SP Manweb	Non-confidential	No. The customer should only benefit for the specific time period, not the full year.	Noted.

UK Power Networks	Non-confidential	It is unclear why this may occur and so the cost reflective charging mechanism to be applied cannot be determined.	Noted.
WPD	Non-confidential	Yes they should benefit from the start of the agreement.	Noted.

Company	Confidential/Anonymous	7. The change proposal (CP) suggests that new LLFCs are needed to achieve its intent (Option 1); do you think there is a better way of achieving the intent of the CP? If so, please provide further details? Do you believe the alternative option, Option 2, a viable alternative?	Working Group Comments
Electricity North west	Non-confidential	It is difficult to understand exactly what is being proposed on Option 2 without sight of the legal text and as such, until this is provided, any decision on which one is the better option cannot be assessed.	Noted.
Northern Powergrid	Non-confidential	Option 1 appears to be complex and introduces an additional level of uncertainty to the CDCM charging model which currently has average charges for most customers and introduces semi-site specific tariffs (dependent on the need for additional generation at certain times) for this group of customers. If Option 2, the methodology would need to be revised in order to allow for the non-application of part of a published tariff for certain customers, we feel this is still complicated and struggle to see the benefit over introducing new tariffs as in option 1.	Noted.

Renewable UK	Non-confidential	N/A	
RES LTD	Non-confidential	no comment	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We do not support the creation of separate tariffs in CDCM, adding complexity and using further LLFCs. Option 2 is viable but less transparent.	Noted.
SP Distribution and SP Manweb	Non-confidential	No, a new LLFC would make it clear and transparent to everyone what type of tariff is applicable at each site. Option 2 is less transparent and would require consultation to table 1053 (volumes)	Noted.
UK Power Networks	Non-confidential	We would not need a new LLFC to accommodate this but could do so if required. Option 2 could be achieved by a note in the charging statement.	Noted.

WPD	Non-confidential	<p>Received from Durabill</p> <p>Option 2 Use the existing calculated tariff only and apply the excess reactive power charge for those Customers which the DNO determines should have a zero charge applied.</p> <p>Option 2 There are two potential ways in which this could be handled in DURABILL:</p> <p>Solution 1 – Copy Tariffs Create copies of any affected tariffs and remove reactive charge elements from the copied version. Any affected sites can then be moved to the copy tariff. This is essentially the same as per option 1 above. This would mirror the approach that it being used in DURABILL for customers on EDCM sites which operate, at the instruction of the network operator, with a power factor less than 0.95. There would be no impact on DURABILL. DURABILL HLIA024 DCP 222 – Non Billing of Excess Reactive Power Charges</p> <p>Solution 2 – Site Level Flag Add a new flag on the Maintain Site Details screen to indicate that the site should not be charged reactive charges. The HH invoice generation package (DIPR003) would need to be amended to ensure that reactive charges are set to zero for any sites where this flag is set.</p> <p>There will be a cost to solution 2.</p>	Members noted that this response applies to Durabill (billing system) users only.

Company	Confidential/ Anonymous	8. Do you foresee any implementation issues with the two options proposed?	Working Group Comments
Electricity North west	Non-confidential	If new LLFCs are indeed required, consideration of the timeline to request them should be undertaken when determining the implementation date.	Noted.
Northern Powergrid	Non-confidential	<p>Option 1 has issues with generators being moved between LLFCs year on year dependent on the specific need of the power system. If generators are on a “no RP charge” tariff but they are not explicitly required to operate outside of a 0.95 power factor but choose to do so, they will have been treated in a different manner than other generators; this is clearly unfair on those other generators.</p> <p>We are unable to provide any further comments on Option 2 as specific details regarding the implementation of this option have not been given.</p>	Noted.
Renewable UK	Non-confidential	N/A	
RES LTD	Non-confidential	no comment	Noted.
Southern Electric	Non-confidential	Yes.	Noted.

Power Distributi on plc and Scottish Hydro Electric Power Distributi on plc	al	Please refer to our final paragraph under Q2.	
SP Distributi on and SP Manweb	Non- confidenti al	No.	Noted.
UK Power Network s	Non- confidenti al	Yes. Generators who are in breach of a lower agreed PF will not be charged for their excess over that agreed value, as set out in question 3. Excess reactive power charges should still be charged where the generator was operating at a power factor in excess of the new PF range agreed with the network operator.	Noted.
WPD	Non- confidenti al	It is not understood how the option 2 solutions would work with other DNO billing systems or if they would be compatible with suppliers billing systems.	Noted.

Compan	Confident	9. Are there any alternative solutions or matters that	Working Group Comments
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y	ial/ Anonymo us	should be considered?	
Electricit y North west	Non- confidenti al	No.	Noted.
Northern Powergri d	Non- confidenti al	Not at this time.	Noted.
Renewab le UK	Non- confidenti al	N/A	
RES LTD	Non- confidenti al	The changes should allow (not require) generators to operate at less than 0.95 power factor without incurring reactive power charges. The TSOs should consider (using comprehensive cost benefit analyses) other methods for reducing their system voltages at times of low net demand. Similarly DNOs should consider (using comprehensive cost benefit analyses) other methods for managing reactive power at the TSO/DNO interfaces (as they may be required to do by the proposed European Network Code "Demand Connection Code"). It may not be most cost effective to request generators to import significant quantities of reactive power causing losses in the distribution system.	The Working Group suggested that it would be in the connection agreement with new generators so long as both Parties agree to it.
Southern Electric Power Distributi	Non- confidenti al	Please see our earlier comments regarding the need to provide evidence of the perceived or known scale of the underlying issue and the necessity (or otherwise) for a solution which affects DUoS.	Noted.

on plc and Scottish Hydro Electric Power Distributi on plc			
SP Distributi on and SP Manweb	Non- confidenti al	No.	Noted.
UK Power Network s	Non- confidenti al	<p>The DNO should be able to agree a lower than unity/0.95 PF with any customer (demand or generation). Cost reflective excess reactive charges should then be applied.</p> <p>These may need to differentiate between sites where a lower PF has been agreed due to external driver but there is no direct network benefit and those where the lower PF is driven by a DNO system need.</p>	
WPD	Non- confidenti al	No	Noted.

Compan y	Confident ial/ Anonymo	10. Are you supportive of the proposed implementation date?	Working Group Comments
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	us		
Electricity North west	Non-confidential	Yes we are supportive of the proposed implementation date on the assumption that such tariffs are included in the DNO's charging statements at the end of December 2015.	Noted.
Northern Powergrid	Non-confidential	No, as we do not feel this change should be implemented in the near future as no DNO has demonstrated the immediate need or indeed given any indication of timescales where they feel this will be an issue.	Noted. The Northern Powergrid Working Group member clarified that no evidence had been produced from a DNO where this is an issue or a timescale provided.
Renewable UK	Non-confidential	Yes, the sooner the better.	
RES LTD	Non-confidential	Yes	Noted.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	No. We do not support the CP on the basis of the information presented at this stage.	Noted.
SP	Non-	Yes.	Noted.

Distribution and SP Manweb	confidential		
UK Power Networks	Non-confidential	Yes	Noted.
WPD	Non-confidential	Yes	Noted.

Company	Confidential/Anonymous	11. Please state any other comments or views on the CP.	Working Group Comments
Electricity North west	Non-confidential	No.	Noted.
Northern Powergrid	Non-confidential	This change introduces an additional level of complexity and uncertainty to the CDCM charging model which currently has average charges for most customers and introduces semi-site specific tariffs (dependent on the need for additional generation at certain times) for this group of customers. It is also potentially at odds with the current desire for simpler more transparent, predictable charges as there is a possibility of customers moving between tariffs year on year, purely	Noted.

		dependent on the need for generators to be expected (based upon a 15-27 month forecast horizon) to be required to operate outside a 0.95 power factor.	
Renewable UK	Non-confidential	N/A	
RES LTD	Non-confidential	N/A	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	N/A	
SP Distribution and SP Manweb	Non-confidential	<p>Option 1 has no cost implications, simply create new LLFCs. Change to the LLFC layout is being considered under BSCP40/02, CP No: 1434, which will create far more LLFCs if this is approved.</p> <p>Option 2 will have costs to the DNOs as their billing application will need to be amended, likely costs are relatively small.</p>	Noted.

		Option 2 is also less transparent.	
UK Power Network s	Non- confidenti al	None	Noted.
WPD	Non- confidenti al	N/A	