DCUSA DCP 222 CHANGE DECLARATION

VOTING END DATE: 8 JULY 2016

DCP 222 - NON BILLING OF EXCESS REACTIVE POWER CHARGES	WEIGHTED VOTING				
	DNO	**IDNO**	**SUPPLIER**	**DISTRIBUTED GENERATOR**	**GAS SUPPLIER**
CHANGE SOLUTION	Reject	Reject	Accept	n/a	n/a
IMPLEMENTATION DATE	Reject	Reject	Accept	n/a	n/a
RECOMMENDATION	***Part 1 Matters*** **Change Solution – Reject.** 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 change solution was less than 50%. **Implementation Date – Reject.** 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 less than 50%.				
PART ONE	**Part One** – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				

SP Distribution	Reject	Accept	n/a	No comments provided
SP Manweb	Reject	Accept		
Southern Electric Power Distribution plc	Reject	Reject	We do not believe that DCP 222 benefits any of the DCUSA Objectives.	In our view, the requirement for an additional level of complexity in CDCM charging arrangements affecting LV and HV generators (a step in the direction of site-specific charging) has not been adequately demonstrated or justified. Generators connected at LV and HV are low in electrical scale in comparison to the large numbers of larger-scale EHV connected (EDCM) DG which have been and continue to be connected in each DNO area. These seem a much more likely and appropriate target group for provision of support services on a meaningful scale than smaller scale DG and no changes to charging arrangements would be required in EDCM. National Grid can enter into contractual arrangements with the larger DG operators directly, without the requirement for the additional layer of tariffs proposed for CDCM DG by this CP. In addition, the Change Report indicates that **if** the provisions sought by this CP are required, this may not be for a
Scottish Hydro Electric Power Distribution plc	Reject	Reject		

				number of years. By the time these arrangements may be required at LV and HV level, it is conceivable that DSO-type arrangements may be in operation, in which case the simplistic approach proposed by this CP might not be fit for purpose.
Electricity North West	Reject	Accept	On balance we do not feel the proposed solution better facilitates any of the DCUSA Charging Objectives.	We understand the intention of the proposal to enable generators to operate at lower power factors at the request of a system operator without incurring reactive power charges. The application of reactive power charges encourages customers to operate efficiently. The proposed inclusion of no RP tariffs for DG customers is a backward step as it appears distribution network operators are abdicating responsibility for reflecting the network costs incurred by network users operating inefficiently. Those network users that operate inefficiently utilise additional network capacity and increase network losses. It's unclear from the change report whether this arrangement facilitates more efficient operation of transmission and distribution networks or whether it helps improve the efficiency of one network whilst reducing the efficiency of

				the other network. We do not feel that the change report has made the case that DUoS charges are the most efficient way to address the issue, identified by National Grid. As distribution network operators transition, in the coming years, to distribution system operator it is quite possible that commercial arrangements are negotiated with network users to operator at differing power factors, dependent upon the requirements of the network. So the binary approach proposed by the solution is incompatible with this flexibility. A flexible approach where the RP units are recorded and the network user is either rewarded or penalised, as per the agreed contract, is more appropriate. We remain concerned that the lack of clarity over the tri/bilateral agreements directly between the relevant parties would be more likely to result in a less economically efficient solution to the management of the transmission and distribution networks.
Northern Powergrid (Northeast) Ltd	Reject	Reject		We do not believe it has been demonstrated that Network

Northern Powergrid (Yorkshire) plc	Reject	Reject	If implemented this change could impact charging objective 1. 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. A common model used by every DNO based upon a common methodology may enable compliance with distribution licences, but may also 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, therefore does not better meet this objective.	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. The cost to the distributor of maintaining voltage stability when a generator operates at low power factor is the same regardless of whether the driver to operate with low power factor is simply 'normal' operation or at the request of National Grid.
Eastern Power Networks	Reject	Reject	n/a	No comments provided
London Power Networks	Reject	Reject		
South Eastern Power Networks	Reject	Reject		
WPD West Midlands	Accept	Accept	DCUSA General Objective 1 and 3 and DCUSA Charging Objective 1	No comments provided
WPD East Midlands	Accept	Accept		
WPD South Wales	Accept	Accept		

WPD South West	Accept	Accept		
IDNO PARTIES				
The Electricity Network Company Limited	Reject	Reject	We do not believe that this solution better facilitates any of the relevant DCUSA Objectives. We believe it reduces cost reflectivity and the re-allocation of under recovered funds from excess reactive power charge for generators has not been fully considered. We also believe that there are unintended consequences which have not been considered.	We do not believe that the working group has fully considered the impacts that operating outside the normal power factor will have. We raised this issue in respect of the Maximum Export Capacity (MEC) Charge in our response to consultation three. If a generator operates at a poor power factor then their capacity required in order to export the same useful power will increase ($Power\ Factior = \frac{Active\ Power}{kVA}$). This will result in increased MEC charges to those generators operating outside the 0.95 power factor. We also do not believe that the working group have addressed concerns regarding where the revenues which would normally have been collected through the excess reactive power charge would be recovered.
SUPPLIER PARTIES				
RWE npower	Accept	Accept	n/a	No comments provided

SSE Energy Supply	Accept	Accept	We agree that both Charging Objective 1 and General Objective 3 are both better facilitated as a result of this change proposal by ensuring that the wording within DCUSA does not create an inconsistency with the Distribution Licence, which would be in place at that time.	No comments provided
DISTRIBUTED GENERATOR PARTIES				
n/a				
GAS SUPPLIER PARTIES				
n/a				