

DCUSA DCP 204 Consultation responses – collated comments

Company	Confidential/ Anonymous	1. Do you have any comments on the DCP 204 legal text (Attachment 1)?
British Gas	Non-confidential	<p>3A.1 The User shall use reasonable endeavours to ensure that, where appropriate functionality is available, Smart Metering Systems installed by it (or any agent acting on its behalf) are configured:</p> <p>(a) to provide Randomised Offset; and</p> <p>(b) such that the Randomised Offset Limit is set at a value of no less than 600 and no greater than 1799.</p> <p>We do not agree that the Limit should be between 600 and 1799. If we were requested to set the limit at 1799 we believe this would cause significant customer issues and confusion particularly with the introduction of more granular time of use tariffs. We believe the limit should be set at 600</p>
E.ON	Non-confidential	<p>With the extension of the regime to all Smart Meters we would challenge that the legal text should be reviewed with the purpose of ensuring the safeguards on declaring that suppliers make changes to the Randomised Offset Limit are fit for purpose.</p>
EDF Energy	Non-confidential	<p>We have one comment to make in regards to the draft legal text. We believe that it would be useful to make it clear in Section 7 that the obligations relating to Load Managed Areas detailed in Section 5 still apply where a Security Restriction Notice issued. While the current drafting implies that this is the case, we believe that this could be more explicit.</p>
Scottish Power Energy Retail Limited	Non-confidential	<p>No comment</p>
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	<p>We are happy with the content of the DCP204 legal text.</p>

SSE	Non-confidential	SSE Supply business has been actively involved in the DCP204 process and changes to the legal text. As such we support -the changes and the intent behind them.
Western Power Distribution	Non-confidential	<p><u>Load Managed Areas</u> Clause 5.4 is a little vague and seems mainly to refer to actions that are subject to a separate notice. Suggest that there would be greater clarity if all superfluous parts were deleted and that the Clause simply states "The issue of a Load Managed Area Notice requires that: (d)...; and (e)..."</p> <p><u>Security Restriction Notice</u> Clauses 7.4, 7.5 & 7.6 are a little vague and seem mainly to refer to actions that only might be requested, or are subject to a separate notice. As a consequence it is unclear what materially differentiates this notice from a Load Managed Area one. It also seems harsh to issue a Compliance Notice for such nebulous actions. Suggest that there would be greater clarity if all superfluous parts were deleted and that the Clause simply states "The issue of a Security Restriction Notice requires that: 7.6(a)...; and 7.6(b)..."</p> <p><u>Emergency Security Restriction Notice</u> WPD has reservations about the practicalities and legalities of de-energising particular Customers for a breach of the Agreement by their Supplier:</p> <ul style="list-style-type: none"> • Customers generally have the right to be and to remain connected. • Clause 10.1 provides for an escalation procedure in the event of a dispute which does not involve disconnecting customers • The network operational constraints will be limited to particular times of the day. It is not reasonably practicable to repeatedly disconnect customers at the start of these periods and then reconnect them at the end. It may also be necessary to obtain warrants to enforce access to customer premises. • In practice Network Operators would invoke Distribution Code – Operating Code 6 to control demand in the event of operating problems on their network. This does not discriminate against or unduly prefer any one or any group of Suppliers or their Customers. <p>Clause 11.2 requires Emergency SRNs to be dictated over the phone. Clause 8.3(a) requires the notice to include (amongst other things) the relevant MPANs. It is not reasonable to dictate a long list of MPANs (potentially thousands) over the phone, nor have them dictated back in full to check that they have been accurately received. Clause 8.2 requires Emergency SRNs to be sent to the User, all other Suppliers and the Authority - It is not reasonable to dictate a long list of MPANs over the phone to all of these parties separately. Clauses 8.4, 8.5, 8.6 & 8.7 are a little vague and seem mainly to refer to actions that only might be</p>

		<p>requested, or are subject to a separate notice. Suggest that there would be greater clarity if all superfluous parts were deleted and that the Clause simply states "The issue of an Emergency Security Restriction Notice requires that: ..."</p> <p><u>Compliance Notice</u> Compliance Notices are not well defined. There is no section stating: what details the Notice must contain; How is it issued (in accordance with Clause 59?); What timescales have User's got to complete the actions within; How long is it in force for; etc</p>
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Company	Confidential/ Anonymous	2. Do you have any comments on the new obligations which will be introduced by DCP 204, as detailed in Attachment 2?
British Gas	Non-confidential	<p>We believe that the inclusion of a Randomised Offset Limit should be not more than 600 seconds. Even 600 seconds will cause customer confusion and will drive increased customer calls. The new obligations give the Distributor the ability to make changes to the Randomised Offset Limit. We do not think this should be more than 600 seconds.</p>
E.ON	Non-confidential	<p>We are concerned at the new obligations especially the impact that they will have on customers. We have broken our concerns into the following areas</p> <p><i>Supplier Costs</i> As a supplier we will have to contact and manage customer concerns and queries. We do not believe that a one off exercise informing customers of a potential impact will be sufficient and envision that we will need to contact customers during an affected period. This will have its own risks for example asking the customer to take action and they are not at the property etc. The management of customers will have a significant impact on us in terms of costs. These include</p> <ul style="list-style-type: none"> • Implementation project - IT costs and business readiness • Customer communications - creation and maintenance of bespoke communications • Enduring operations costs - query management including ability to engage in rapid communications with customer <p><i>Implementation Timeline</i> In terms of benefits we do not see the case for the proposed implementation date. We have reviewed the impacted postcode list that has been provided against the latest set of WAN coverage</p>

		<p>information from the DCC and have identified that the majority of customers in these regions will not be getting WAN coverage for some time. Our sampling showed the majority of customers within WPD regions are due WAN between 2016-2021 with the highest percentage post 2017. SSE showed a similar picture, but with customers in the Skye, Shetland, Argyll and Bute areas showing nil WAN coverage (therefore unlikely before 2021, if at all). Manweb showed the majority covered from 2016 onwards.</p> <p>Timing therefore plays a critical part – we cannot see that the current date based on DCC coverage is justified.</p> <p><i>Impacts on Customers</i></p> <p>We believe that the change will be potentially confusing to customers and that as currently described it will be hard to effectively engage with customers. Customers may be affected with short notice and this will mean ability to manage customers will be limited. In addition as a supplier we will need to have teams available to take queries at all affected times. Randomised offset for customers on TOU tariffs could be significant and will undermine customer confidence in both the offering of such tariff and their supplier.</p>
EDF Energy	Non-confidential	<p>We note that the list of new obligations that is detailed in Attachment 2 does not include the obligation to set a minimum Randomised Offset Limit of 600 seconds. This is the element of DCP204 which is the most material change from the current obligations in Schedule 8. Most of the other changes replicate existing obligations in relation to smart meters.</p> <p>This element of DCP204 has the greatest impact on customers as it moves actual switching times on a smart meter away from the nominal switching times associated with a customer’s tariff. While the impact of this in the early stages of the smart metering rollout might be very low as the majority of customers will remain on single rate tariffs, as the use Time of Use tariffs increases, the mandated level of randomisation will impact more and more customers, in what we believe is a negative manner.</p>
Scottish Power Energy Retail Limited	Non-confidential	<p>SPERL question how the distributing business is going to manage the business of Load Managed Areas (LMA) on an enduring basis. It could be argued that suppliers should only be given MPANs for properties they supply. However, there may be difficulties related to constant churn in the industry. We believe that we need to consider holding LMAs as a flag in Central Registrations systems. We would see this as a more logical approach and given the timeframe it would be opportune and expedient. In addition our</p>

		suggestion is that a one off build designed should also be considered for gas.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We support the new obligations proposed by DCP204, as we believe they represent a balanced and pragmatic proposal to manage the future uncertainties arising from load switching by supplier-controlled smart meters without placing unduly onerous constraints on suppliers.
SSE	Non-confidential	The obligations on DNOs to provide more detailed information, by MPAN, will make it easier for Suppliers to be able to manage customers they supply in LMA areas. Although this does not change the existing obligations it does enable them to be enacted more accurately improving customer service.
Western Power Distribution	Non-confidential	No

Company	Confidential/ Anonymous	3. Do you have any comments on the Ofgem send back letter (Attachment 3)?
British Gas	Non-confidential	<p>We agree with the deficiencies outlined in the Final Modification Report by Ofgem.</p> <p>Point 1 The consultation includes a table of costs and benefits which claim avoided reinforcement costs of between £161 to £718 million in the SHEPD area. As no other Distributors have put forward any benefits we assume that this issue is limited to a single DNO area and therefore cannot see any justification for mandating nationwide obligations. No other benefits have been identified</p> <p>Point 2 We agree that no justification has been put forward to extend the current regime to all smart meters</p> <p>Point 3 We do not agree with the minimum limit being 600 seconds. This value should be the maximum limit to avoid further customer confusion.</p>

		Point 4 We agree that the risk of customer confusion and how this can be mitigated has not been covered in the final modification report. We believe customers will require dedicated communications around the offset value.
E.ON	Non-confidential	We agree with the Ofgem view that customers will be confused due to the impacts of randomisation on switching times and we do not see that this has been mitigated.
EDF Energy	Non-confidential	We agree with a number of the concerns expressed by Ofgem in their send back letter. As noted in the response to question 2 our most significant concern in regards to DCP204 is the mandation of a minimum Randomised Offset Limit of 600 seconds across all smart meters, and not just those in Load Managed Areas. We believe that randomisation is a negative customer experience and the application of it should be limited as far as possible. We agree that sufficient evidence was not presented in the original change report that would justify the proposed minimum Randomised Offset Limit of 600 seconds across all smart meters installed nationwide.
Scottish Power Energy Retail Limited	Non-confidential	<p>Ofgem identifies 4 key areas where it feels there is currently insufficient information on which it can base a decision. They are:</p> <ol style="list-style-type: none"> 1. The costs and benefits of continuing the existing regime through smart meters in the proposed manner. 2. The benefits and reasons for rolling out the randomisation functionality to all smart meters as opposed to just those in LMAs. 3. Justification for having a minimum randomisation offset limit of 600 seconds (10 minutes) as opposed to another limit. 4. An explanation of how customer confusion from randomised switching times might be avoided - backed up with consumer benefits. <p>With regard to the first of these, suppliers are likely to want to replicate the switching times of the old meter, which we expect to be able to achieve in most cases. If not, the DNO will need to agree to the times being changed, which should be okay in most areas. Nonetheless, an alternative approach will be needed where the DNO does not agree to the proposed switching regime, which might be most likely for RTS customers in LMAs.</p> <p>We cannot predict with any reasonable accuracy the number of customers this would apply to in practise, although we expect it will be very small. It is important, therefore, to maintain perspective when</p>

		<p>considering any alternative approach, to ensure it remains proportionate to the scale of the issue.</p> <p>The justification for the offset parameters (point 3) is more a question for the DNOs; however, the Government determined that a randomisation offset capability should be a feature of version 2 of its Smart Metering Equipment Technical Specification (SMETS).</p> <p>Although the switching times will be randomised, this randomisation is not dynamic in that the offset applied to each meter will be fixed. The effect of this offset is such that a heating tariff offering ‘off-peak’ between, say, 11pm and 7am, might have actual switching times of 11.01pm and 7.01am.</p> <p>It should also be noted that randomisation is already a feature of load switching, not something being introduced by Smart meters, and we have not been aware of customer confusion resulting from it. However, we acknowledge that this is possibly because such randomisation would not typically be obvious to the customer; whereas, with Smart meters, the active tariff will be displayed on the customer’s IHD, making the randomisation more apparent.</p> <p>To counter any confusion this might otherwise cause, relevant customers will have the use and effect of randomisation explained to them, as part of the demonstration of the IHD, during their Smart meter installation.</p> <p>The customer benefits of the proposed arrangements come from having increased security of supply.</p>
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We understand the concerns raised by Ofgem but believe that the Working Group is making significant progress to address these. For example, to broaden the stakeholder engagement opportunities, a presentation has been delivered to smaller suppliers at the Domestic Energy Supplier Forum and the Group are also hosting a telephone-based Q&A session. These are positive steps in developing greater engagement which are to be commended.
SSE	Non-confidential	The Ofgem letter highlighted some areas of additional- work to be addressed by the Workgroup. The

		Ofgem comments were recognised as helpful and have been taken forward to add clarity to the proposed changes and to include further qualitative and quantitative cost / benefits. SSE believes all Ofgem's points have been adequately addressed.
Western Power Distribution	Non-confidential	No

Company	Confidential/ Anonymous	4. Do you have any information that could aid the Working Group in documenting and valuing the costs and benefits of the proposal (Attachment 4 sets out the costs and benefits identified thus far)?
British Gas	Non-confidential	We believe dedicated communications may be required to communicate issues relating to randomised offset. We will endeavour to provide an indicative cost per customer in due course
E.ON	Non-confidential	We do not support the current costs and benefits case. We note that there are no benefits stated for SP and WPD and we don't see evidence to support the documented avoided reinforcement costs for SHEPD. We would also challenge that there is marginal costs associated with communicating to customers. Implementing DCP204 for us as a supplier would necessitate a project as we would need to make system and business changes to manage, receive and hold information. In addition we would also need to develop a communications process with customers, create bespoke fulfilment, review and amend current terms and conditions and train teams to deal with customer queries. The costs associated with this would be significant.
EDF Energy	Non-confidential	We do not have any more accurate information in regards to the costs and benefits that would result from the implementation of DCP204. We believe that the costs and benefits that are attributed to DCP204 need to be clearly associated with the different elements of the change. Given our concerns regarding randomisation, and the impact that this has on customers, we believe that the benefits that are attributed to this specific element of the change need to be clearly and separately identified. We note that Attachment 4 includes avoided reinforcement costs of £161million to £718million provided by SHEPD. This is a very wide range which indicates a lack of accuracy in the assessment. It is also not clear how much of this figure is associated with maintaining the existing obligations related to maintaining consistent

		time switching regimes in Load Managed Areas, and which are associated with the new obligations regarding randomisation. Clear evidence must be provided by DNOs or by National Grid that demonstrates the benefits of applying mandated randomisation across all smart meters for EDF Energy to be able to support this element of DCP204; as it stands we are not able to do so.
Scottish Power Energy Retail Limited	Non-confidential	Not available at this time
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We have already provided information to the Working Group but recognise that it is not reasonably possible to undertake a full cost benefit analysis. In our view the Working Group are adopting a reasonable and pragmatic alternative approach in response to the request for greater information on costs and benefits, in the absence of accurate data to work from.
SSE	Non-confidential	All information available to SSE has already been incorporated into the Working Group's assessment.
Western Power Distribution	Non-confidential	No

Company	Confidential/ Anonymous	5. Do you have any further comments?
British Gas	Non-confidential	The original Change Report confirmed an implementation date for DCP 204 as 1 st April 2016. Given the delays as a result of the Ofgem send back letter and the delays to DCC go live we do not believe that this date is either achievable or required. We would suggest an implementation date of November 2016 at the earliest.
E.ON	Non-confidential	We are not currently supportive of this change.

EDF Energy	Non-confidential	No
Scottish Power Energy Retail Limited	Non-confidential	<p>We fail to see this as a retail responsibility issue for the following Key reasons:</p> <ul style="list-style-type: none"> ➤ Alerts that involve voltage quality issue are sent to the Distribution Network Operators and the Suppliers do not see these alerts. ➤ Additionally Suppliers do not have knowledge of DNOs network or where these customers are positioned; neither do Suppliers have accountability for this.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	<p>In our view, the proposed changes are essential steps which are necessary to reflect the changes of technology and transfer of control of customer demand load switching as a consequence of mass-scale smart metering.</p> <p>In particular, we firmly believe that switching randomisation, in the form proposed by the Working Group, is a fundamental necessity to lessen the risk of incidents induced by synchronised load switching which may have serious effects on the integrity of distribution networks and which may also compromise the role of National Grid in their capacity as GB System Operator.</p>
SSE	Non-confidential	<p>SSE Supply business recognises the importance of these changes and the benefits that will be achieved from improved information from the DNOs which can be used to inform our customers in relation to LMAs. We also understand the requirement to implement the Randomised Offset in a pragmatic manner to replicate the diversity of load pick up and drop off as occurs today. This proposal achieves the desired outcome in a fair and equitable manner and facilitates future changes as may be required.</p>
Western Power Distribution	Non-confidential	<p>One of the objectives of the Change Proposal was to simplify the security restriction notice process. Whilst there has been some improvement, the difference between the notices is almost imperceptible, which leads to confusion rather than clarity:</p> <ul style="list-style-type: none"> • Both SRN and ESRN appear to be advisory in nature i.e. on their own do not require any corrective action to be taken. • Corrective action appears to be mandated by the issue of Compliance Notices • This begs the question whether both SRNs and ESRNs are necessary since a single notice could indicate whether there was a "material" or "immediate" risk to security of supply. <p>The need for a separate Compliance Notice is also questionable as the actions to be taken and the timescales</p>

		required could be included on the SRN/ESRN.
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