

Attachment 5 – Costs and Benefits

The following tables detail the costs and benefits identified by the DCP 204 Working Group should DCP 204 be implemented.

Benefits	Can it be valued?	Value
<p>Avoiding Distribution Network Reinforcement</p> <p>The CP will ensure that Schedule 8 remains suitable under smart metering, thus it will continue to enable Distributors to avoid distribution network reinforcement by:</p> <ul style="list-style-type: none"> • maintaining diversity in switching times; and • maintaining randomised offset <p>Note: Distribution network reinforcement would be required to manage thermal and/ or voltage related issues.</p>	Yes, avoided reinforcement costs can be calculated.	Avoided reinforcement costs for SHEPD: £161million to £718 million
<p>Grid Benefits</p> <p>National Grid benefits from Schedule 8 remaining suitable under smart metering in the following areas:</p> <ul style="list-style-type: none"> • Balancing services; • frequency management; and • minimisation of voltage step change issues associated with simultaneous switching of material load 		
<p>Consistency in randomised time switching</p> <p>Currently there is planned offset and unplanned offset¹. DCP 204 will introduce consistency that will enable the customer to be informed of what the bandwidth on the time switch will be.</p>	The working group does not see their being a direct quantifiable value for this benefit.	<p>Marginal benefit for Suppliers by having a uniform message</p> <p>Having a consistent approach will ensure fairness and equality across Suppliers, i.e. it will not advantage or disadvantage any particular customers.</p>

¹ Unplanned offset is a consequence of the inaccuracy of time keeping associated with traditional programmable meters and electro mechanical time switches

It is noted that the Supplier approach to communicating randomised offset to their customers will not be prescribed as part of DCP 204.		
EU Third Package: Optimisation of the Use of Electricity The EU third package legislation requires optimisation in the use of electricity. DCP 204 will confirm the demand control areas to minimise coincidence of load (which would be lost under the migration to smart if DCP 204 is not implemented) thus optimising energy use.	As it is legislation a costed value is not required	n/a
Increased Transparency The CP provides clarity and transparency around existing obligations (e.g. not changing the SSC is in the existing Schedule 8)	The Working Group believe that it is not practical to allocate a financial value to this benefit	n/a
Improved Information Provision The CP helps Suppliers to identify customers in load managed areas, i.e. it improves the ability to comply with existing Schedule 8 provisions by providing appropriate information in an electronic format ² .	The Working Group believe that it is not practical to allocate a financial value to this benefit	n/a
Risk Management The CP removes the risk that the Supplier could switch all of their load to come on at a single time without notifying the Distributor (it is noted that with Smart meters, Suppliers will have the ability to change switching times remotely) It is noted that both Distributors and National Grid will benefit from this.	The Working Group does not believe that it is feasible to cost this benefit	n/a

² It is noted that the group agreed that in the future customer data should be incorporated in to registration systems

Costs	Costable?	Value
<p>Setting Meters Up The CP requires that Suppliers ensure that smart meters are programmed with randomised offset.</p> <p>It is noted that the randomised offset facility is already a requirement under SMETS2, thus the DECC programme has facilitated this feature within SMETS2, including within the DCC user services.</p>	Suppliers have to put a randomisation value in to their smart meters, the cost of doing this in line with the 600 seconds required by DCP 204 is negligible.	n/a
<p>Communicating to Customers Suppliers will incur administrative costs around communicating the offset approach to customers and responding to queries on it. This is because the switching times will be more visible to customers than at present.</p> <p>It is noted that the Offset value will be presented over the HAN on the In home Display and any Customer Access Devices (CADs).</p>	It is recognised that there are significant planned communications to customers regarding smart meters. Communicating on switching times will form a small part of this (it is noted that around 20% of customers have multi-rate tariffs)	<p>Marginal cost in updating planned communications to incorporate switching information</p> <p>There will be a capability to provide updates to in energy home management systems.</p>
<p>Provision of granular data Under DCP 204, Network Operators will be required to provide more granular level data to Suppliers</p>		Negligible