

DCUSA DCP 203 Consultation responses – collated comments

Company	Confidential/ Anonymous	1. Do you agree with the intent of DCP 203?
Electricity North West	Non-confidential	No we do not agree with the intent of DCP 203 as we believe it will result in a reduction in the cost reflectivity of Use of System tariffs.
ESP Electricity Ltd	Non-confidential	Yes
GTC	Non-confidential	<p>Yes, BU UK supports the intent of DCP203. We believe DCP 203 will go some way to reducing the additional burden that EDNO UMS customers, (Street Lighting Authorities (SLA) customers in particular) face as a result of having their inventory items connected to an EDNO network. This additional administration exists only to enable the host DNO to bill the EDNO for the use of its distribution system (i.e. inter-distributor billing), a bill which often, for the EDNO's largest UMS customers, amounts to no more than a few hundred pounds per customer per annum. Currently for most EDNO UMS customers the annual inter-distributor charge is less than £100.</p> <p>If the same network extension was adopted by the host DNO there would be no impact on the LA other than a requirement to update their existing inventory. This requirement has the potential to put EDNOs at a disadvantage over the host DNO for new development sites as almost all developers are required to complete a Section 38 agreement with the LA; the current arrangements make this process significantly more difficult if the developer awards the site to an EDNO. DCP203 will not remove this issue, although it will reduce the burden on EDNO LA customers to some extent but reducing the number of additional MPANs required, although extra MPANs will still be required. We believe that the best way to resolve this issue is to allow the customer to trade its inventory under the host DNO's MPAN regardless of whether the network extension is adopted by the Host DNO or another EDNO.</p>
Northern Powergrid (Northeast) Ltd and Northern	Non-confidential	We agree with the original intent of this change to rationalise LDNO UMS charges in so far as it seeks to reduce potentially unnecessary administrative costs, whereas the currently proposed solution appears to add additional complexity rather than rationalising the number of tariffs.

Powergrid (Yorkshire) plc		
Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	We agree with the original intent of this change to rationalise LDNO UMS charges in so far as it seeks to reduce potentially unnecessary administrative costs, whereas the currently proposed solution appears to add additional complexity rather than rationalising the number of tariffs.
SP Distribution/ SP Manweb	Non-confidential	Yes
UK Power Networks	Non-confidential	Yes

Company	Confidential/ Anonymous	2. Do you agree with the principles of DCP 203?
Electricity North West	Non-confidential	No. We believe this DCP will result in the wrong tariff being applied to some UMS customers and consequently will result in a cross subsidy between groups of customers. It will also potentially discriminate between LDNOs by applying lower tariffs to LDNOs where the majority of the UMS connections are HV compared to those where the majority of UMS connections are LV. This will provide an LDNO with a majority of HV connected UMS customers with a competitive advantage and therefore distort competition between distributors.
ESP Electricity Ltd	Non-confidential	Yes
GTC	Non-confidential	Yes
Northern	Non-confidential	We are aware that there is an industry issue of unnecessary costs to customers and potential

Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc		barriers to competition arising from potentially unnecessary administrative costs. Reducing the number of tariffs needs to be carefully considered together with the inevitable reduction in cost-reflectivity. We understand from the change proposal form that costs applied by meter administrators (MAs) and suppliers can be high; reducing the number of MPANs required is one way to go about dealing with this and may make a small improvement. However, we feel this will not affect the underlying issue of allegedly high MA and/or supplier charges.
SP Distribution/ SP Manweb	Non-confidential	Yes
UK Power Networks	Non-confidential	Yes

Company	Confidential/ Anonymous	3. Do you have any comments on the proposed legal text? Provide supporting comments.
Electricity North West	Non-confidential	We do not agree with the principles underlying the proposed legal text.
ESP Electricity Ltd	Non-confidential	No additional comments.
GTC	Non-confidential	No, we support the text as drafted.
Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	The legal text does not align with the consultation document in paragraph 6.1. It is stated in the consultation document that "the determining factor for the LDNO discount will be based on the upstream LDNO/DNO boundary connection level of the majority of all NHH domestic LDNO connections" whilst the legal text states "the EDNO shall apply a Line Loss Factor Class Id that reflects the voltage of connection of the EDNO's Distribution Systems that provides the majority (i.e. more than 50%) of non-half hourly connections made to the EDNO's Distribution Systems." We believe if this solution is taken forward the approach outlined in the consultation document of using domestic customer counts is more appropriate than that in the legal text, subject to our response to

		<p>question nine.</p> <p>Furthermore, we are uncomfortable with the legal text stating that “unless the EDNO notifies the DNO Party otherwise” a single discount will be applied. We would like to see this amended to ensure that the dialogue between EDNO and DNO takes place regardless of which option the EDNO chooses i.e. to provide clarity of the arrangements for both parties.</p>
SP Distribution/ SP Manweb	Non-confidential	No
UK Power Networks	Non-confidential	<p>We do not believe that changing Schedule 19 achieves the desired outcome.</p> <p>Schedule 19 merely describes a process (which itself is not changing). We believe that changes are required to the methodologies (Schedules 16-18). At present these state that the LDNO DUoS charges are based on the voltage of connection. To apply these changes to Schedule 19 in isolation would result in inconsistency and indeed conflict with schedules 16-18. This could ultimately result in charging that is not compliant with the methodology.</p> <p>By way of example, it may be preferable to open para 147 of Schedule 16 with “unless otherwise specified below” and then to asterisk each of the UMS categories in para 147 and then insert underneath the tables in para 147 the text proposed by the Working Group at their para 6.1 of Schedule 19 as the reference to which the asterisks refer. Note that the text proposed by the Working Group needs to include reference to this being NHH UMS only and that the counts should be based on energised NHH non-UMS customers (in order to provide the validation under Q10).</p> <p>An alternative would be to carve out the UMS lines from Tables 8 and 9 in para 147 of Schedule 16 and insert into an additional Table – with associated changes to the wording of any impacted paragraphs.</p>
Company	Confidential/ Anonymous	4. The Working Group considers that DCUSA General Objective 1 and 2 are better facilitated by DCP 203; do you agree with this opinion? Please provide supporting comments on this and any other DCUSA General or Charging Objective you feel is impacted by DCP 203.

Electricity North West	Non-confidential	We do not agree that DCUSA General Objectives 1 and 2 would be better met as a result of this change proposal. This change proposal will distort competition between distributors and place perverse incentives on IDNOs to increase the number of UMS connected customers where the boundary voltage with the DNO is higher to reduce their DUoS bill.
ESP Electricity Ltd	Non-confidential	We feel that General Objective 1 is better facilitated as the additional admin burden imposed on LDNOs to facilitate inter-distributor billing would be greatly reduced - reducing the number of MPANs required for said billing leads to a more efficient and co-ordinated distribution network. We feel that General Objective 2 is also better met as reducing the number of MPANs required of the LDNO also reduces the additional admin costs borne by the customer. This has led to difficulties with adoption of LDNO networks in the past. As this issue is exclusive to LDNOs we agree with the WG's assessment that this change promotes competition by reducing a potential barrier to competition.
GTC	Non-confidential	<p>Yes</p> <p>General Objective 1: We agree with the assertion in the consultation document. The current approach adds complexity with margin benefit to cost reflectivity in our view.</p> <p>General Objective 2: We agree with the assertion in the consultation document although would caution that this solution on its own is unlikely to solve the Section 38 highways adoption issues highlighted in the consultation as a SLA could still argue that its costs increase as additional MPANs will still be required even if DCP203 goes ahead. As stated previously we believe that the fact that a developer has opted to award the network extension to an IDNO should not have an avoidable detrimental impact on the SLA. This impact would be avoided if the SLA could trade the EDNO connections under the host DNO's MPAN. That said, there is still value in progressing DCP203 on the basis of removing the complexity of inter-distributor billing for UMS connections.</p> <p>General DCUSA Charging Objective 3: We agree with the assertion in the consultation document.</p>
Northern Powergrid	Non-confidential	We can see that there is a slight improvement against objective one, with cost reductions seen for the LDNO leading to perceived improved efficiency, as well as potential reductions for the end

(Northeast) Ltd and Northern Powergrid (Yorkshire) plc		<p>customers if reduced MA and supplier charges are passed on. As per our response to question two, we believe that there may be other ways to achieve this end which should be explored by the working group.</p> <p>We agree with the assessment against objective two; however we also agree that there is a potentially detrimental impact against charging objective three. We agree with the assertion that the negative impact against charging objective three needs to be considered in relation to the improvement against general objective two. The impact assessment shows that the extent of the detrimental impact on charging objective three is minimal. The impact assessment does not quantify the improvement against general objective two. As stated in our response to question two, as a DNO we do not have visibility of the administrative costs which the proposal is seeking to reduce, but assuming the reduction is likely to be as significant as we are lead to believe, then the detrimental impact to charging objective three may well be justifiable.</p>
SP Distribution/ SP Manweb	Non-confidential	Yes, we agree with the working group's assessment.
UK Power Networks	Non-confidential	We believe that both General Objectives 1 and 2 are improved as a result of this change proposal, as it should remove what many consider to be a barrier for LDNOs to compete with DNOs in this sector. This is as a result of the simplified approach to the allocation of the LLFC which will apply, which will reduce the administration for both LDNOs and their Customers. We would also agree that the Charging Objectives are neutral as a result of this change.

Company	Confidential/ Anonymous	5. As the CP does not affect the Charging Methodologies, the change could be implemented in the next DCUSA release following Authority consent. Do you agree with the implementation approach of DCP 203?
Electricity North West	Non-confidential	We do not agree that the CP does not affect the Charging Methodologies. We believe there is a detrimental effect to Charging Objective 3 as IDNOs will be charged based on the typical voltage of connection for UMS customers. This will result in a cost increase or reduction to the DNO which will be paid for/credited to all customers.

ESP Electricity Ltd	Non-confidential	Yes
GTC	Non-confidential	Yes
Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	If this is considered to be the best solution then there is no reason to delay.
SP Distribution/ SP Manweb	Non-confidential	Yes.
UK Power Networks	Non-confidential	We believe this change directly impacts the methodologies. Therefore it must be made on 1 April, which at the earliest would now be 1 April 2016.

Company	Confidential/ Anonymous	6. Do you agree that amending Schedule 19 only would avoid introducing the additional complexity that the first solution would have done?
Electricity North West	Non-confidential	It reduces complexity, but does not resolve the fundamental problem with cross subsidy.
ESP Electricity Ltd	Non-confidential	Yes
GTC	Non-confidential	Yes, whilst the original solution initially appeared to be more cost reflective it only is so if all EDNO has a similar mix of DNO boundary network level connections and associated end user customer connections. We know that this is currently not the case so this proposal appears to be a more pragmatic solution without any price disturbance given the relatively small scale of inter-distributors billing now and in the foreseeable future.

Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	We agree that the proposal to amend schedule 19 only avoids introducing extra complexity into the tariff structure but it does introduce a similar level of greater complexity into the inter-distributor billing arrangements.
SP Distribution/ SP Manweb	Non-confidential	Yes, this seems a more pragmatic approach, though it is noted that the changes only cover Pseudo HH MPANs for UMS, it does not cover any that could be settled on an NHH basis, though we assume these will be covered in the NHH aggregated settlement volumes.
UK Power Networks	Non-confidential	No - we believe that changes are required to the Charging Methodologies but that they need not be complicated.

Company	Confidential/ Anonymous	7. Do you agree that new LDNO entrants to the market should have the choice to opt for the current arrangements or choose to adopt the new approach?
Electricity North West	Non-confidential	No, as we do not agree with the principle as it allows LDNOs to cherry pick the most advantageous trading arrangements rather than being allocated the most appropriate tariff.
ESP Electricity Ltd	Non-confidential	Yes – forcing a new entrant to opt for a particular arrangement could affect their business model and therefore be considered anti-competitive. Providing a choice removes that risk.
GTC	Non-confidential	Yes
Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes, but as stated in our response to question three we would like any new entrant to be required to explicitly state to the host DNO which option they intend to use.
SP	Non-confidential	No, SPEN have some concerns that providing a choice to the new LDNO entrants on whether to use

Distribution/ SP Manweb		existing tariffs or the new "LDNO Any: Unmetered" tariff creates inconsistency and possible unfair discrimination towards particular markets/portfolios. This also raises the question as to whether the LDNO can 'cherry-pick' the tariffs to use (i.e. choose Any for some and specific for others) – it should be made absolutely clear that the choice is for one or the other, and is exclusive to the other. If the issue which has caused the DCP 203 to be raised is so prevalent across the market that the Working Group anticipates full transfer, we are not convinced that a choice should be given in anticipation of a future event and instead would therefore suggest that the existing tariffs and MPANs etc. are removed. Should the specific future event occur, there is then an opportunity to introduce further CPs which would be limited to that situation.
UK Power Networks	Non-confidential	No - we believe this should be consistently applied. At the point at which an LDNO connects NHH UMS they must be able to calculate the proportion of customers they have at each voltage level and use the appropriate LLFC.

Company	Confidential/ Anonymous	8. Do you agree that that there should be no adverse impact on Suppliers or Customers as a result of the migration to the new arrangements?
Electricity North West	Non-confidential	No, there are consequential impacts on competition which will impact customers and could impact competition in connections.
ESP Electricity Ltd	Non-confidential	Due to the fact that the change affects only the portfolio billing arrangements between DNO and IDNO Parties and does not impact on the CDCM/EDCM UMS all the way tariffs – neither Suppliers nor Customers will see any changes to the tariffs as part of the migration exercise. Customers will be positively impacted in that the number of MPANs required for settlement purposes will be reduced – and as result their costs (both DUoS and admin) will also be reduced.
GTC	Non-confidential	Yes, these changes will not impact on any tariffs.
Northern Powergrid (Northeast) Ltd and Northern Powergrid	Non-confidential	None we are aware of.

(Yorkshire) plc		
SP Distribution/ SP Manweb	Non-confidential	Yes. Specifically, customers should benefit for the reduced standing charges from Suppliers, with both parties incurring reduced MPAN administration costs.
UK Power Networks	Non-confidential	We agree that this change proposal should have no adverse impact upon either Suppliers or Customers.

Company	Confidential/ Anonymous	9. Do you agree that the basis for determining the applicable LLFC to be applied by the LDNO for the LDNO discount will be based on the upstream LDNO/DNO boundary connection level of the majority of all NHH domestic LDNO connections?
Electricity North West	Non-confidential	No, we do not agree with this principle as outlined earlier.
ESP Electricity Ltd	Non-confidential	We do agree with the approach to determining the applicable LLFC. Following migration should this CP be successful – it would be difficult to use settlement data to determine the POC voltage for UMS connections solely. Basing the determination on numbers of domestic connections is sensible as numbers of UMS connections (particularly streetlights) increase in line with the number of domestic connections. This trend has been discussed at other industry forums e.g. UMSUG.
GTC	Non-confidential	We believe using NHH customer numbers makes a reasonable proxy for UMS connections as we think that the ratio of street lighting columns (which make up the vast majority of UMS connections) to domestic customers is broadly the same across all the DNO areas. We cannot think of any other easy way of tracking the boundary network level of connection for EDNO UMS connections as following the implementation of this CP then all UMS connections will have an LLFC linked to the boundary network level of the majority of the portfolio not the actual network that the UMS connection is made to.
Northern Powergrid (Northeast) Ltd and	Non-confidential	No, this should be based on the upstream LDNO/DNO boundary connection level of the majority of all domestic (NHH and HH) LDNO connections. As DCP179 and P300 are implemented we would expect domestic customers to move to HH aggregate settlement, but there is no reason why these customers should be excluded from count of customers at each boundary connection level.

Northern Powergrid (Yorkshire) plc		
SP Distribution/ SP Manweb	Non-confidential	Yes, this seems a sensible approach.
UK Power Networks	Non-confidential	We believe it should be based on energised upstream/boundary NHH connections. We also believe this should be subject to periodic review, say annually. Such review could be undertaken based on a snapshot of say 31 March in any calendar year for implementation on 1 April, any changes to the LLFC to be made within 5 days of 31 March.

Company	Confidential/ Anonymous	10. Do you agree that the Portfolio Billing data already received by the DNO (in the D0314 flow) will be able to be assessed by the DNO to confirm the LLFC requested by the LDNO is correct?
Electricity North West	Non-confidential	There is a potential issue with reviewing the dataflow to ensure the correct LLFC has been requested. These dataflows are in standard dataflow format and aren't easy to read and the data contained in them is not easily manipulated.
ESP Electricity Ltd	Non-confidential	Yes – the D0314 flow holds MPAN counts for all NHH connections and this information is broken down into profile class and LLFC (that will identify the POC voltage for the NHH MPANs) which can be easily interrogated to determine the POC voltage with the majority of connections.
GTC	Non-confidential	Yes, that should be a simple comparison and is likely to only need to be done very infrequently. For example if the split of NHH connections for a particular EDNO with 40,000 customers is 30% LV , 70% HV, it is a safe assumption that this will not change to 51% LV to 49% HV within say a 12 or even 24 month period.
Northern	Non-confidential	Yes.

Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc		
SP Distribution/ SP Manweb	Non-confidential	Provided the information is provided in accordance with requirements, we should be able to confirm the appropriate LLFC.
UK Power Networks	Non-confidential	Yes. The D0314 can be used to validate which connection voltage the LDNO has defaulted to for UMS and can be used to determine the connection voltages of all other customers. This should enable the DNO to validate the application of the LLFC if they choose.

Company	Confidential/ Anonymous	11. The Working Group believes that the current wording defined in Schedule 19 will support the proposed new UMS LLFC assignment and associated billing arrangements and there should be no impact on Parties IT systems as a result. Do you agree with this assertion? Please provide your rationale if you disagree with this view.
Electricity North West	Non-confidential	From a billing perspective we don't envisage a material impact on our IT systems.
ESP Electricity Ltd	Non-confidential	We agree that the change will have no impact on Parties IT systems – there are no amendments to data flows or tariff structures.
GTC	Non-confidential	Yes, the comparison could be done manually, see response to question 10 above.
Northern Powergrid (Northeast) Ltd and Northern Powergrid	Non-confidential	Yes, this change would require no amendments to our IT systems.

(Yorkshire) plc		
SP Distribution/ SP Manweb	Non-confidential	Provided the information is provided in accordance with requirements, there should be no impact on out IT Systems.
UK Power Networks	Non-confidential	We agree that, with the amendments described above, the proposed text can work. However we believe it sits within the Charging Methodologies (Schedules 16-18) and not Schedule 19. There should be no consequential impact on IT systems.

Company	Confidential/ Anonymous	12. Are there any alternative solutions or matters that should be considered by the Working Group?
Electricity North West	Non-confidential	We note that the change report highlights that there are potentially 180+ MPANs and this is the main driver of the change. This assumes 7 network levels, including 5 EHV levels. During the development of the EDCM, DNOs identified that there were only 4 or 5 EHV connected IDNOs in the UK and therefore the 180+ MPANs is extremely unlikely to materialise. We would be supportive of rationalising the UMS EHV tariffs from 5 to 1, which would reduce the number of potential MPANs, without significant impact on customers.
ESP Electricity Ltd	Non-confidential	No – the change seems a simple and effective solution that only impacts DNO and IDNO Parties (and does not affect their respective business systems).
GTC	Non-confidential	None at this time
Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Non-confidential	The Change Proposal suggests “suppliers may be levying administration charges to UMS customers on a per MPANs basis” and that “there is evidence that administration charges are also levied against UMS customers by their nominated meter administrators (MAs) in respect of each additional MPAN that the MA processes for them”. We would suggest that these charges are challenged and properly investigated to determine whether they are unjustifiably high. If these costs can be reduced without amending inter-distributor billing then the aims of the proposal to reduce administration costs can be achieved without the loss in cost reflectivity brought about by a reduction in the number of tariffs.

SP Distribution/ SP Manweb	Non-confidential	<p>SPEN would like to note that the approval of DCP203 will in all likelihood negate the need for CP1414.</p> <p>SPEN also wish to highlight that the number of MPANs in reality is nowhere near the potential number quoted in the DCP203 and used as the basis for the change proposal (our responses to withdrawn DCP 168 refer), and are pleased to see that this point has been noted. Notwithstanding this it seems inefficient to create multiple MPANs within the IDNO businesses purely for internal DUoS charge and settlement purposes. We have attached the RFI showing our MPAN counts.</p> <p>This SPEN data showed total MPAN Counts of SPD – 78, SPM – 24, which covers all customers across all 5 IDNO Companies. As stated earlier, when this is compared to the underlying claims (underpinning the reason for the change) of potentially 180 per individual customer (e.g. for 10 large LA customers, we could potentially require 1,800 MPANs to be created), then based on actual evidence this is clearly not happening in practice within our Network Areas.</p>
UK Power Networks	Non-confidential	No nothing at this time.