

DCUSA DCP 203 Consultation Responses – Collated Comments

Company	Confidential?	Question One Do you agree with the intent of DCP 203?	Working Group Response
Brookfield Utilities	Non-confidential	Yes. The problems highlighted by the Change Proposer are a major concern for all EDNOs. We believe that if these issues go un-checked that they have the potential completely stifle the development of EDNO networks which will in-turn have a major impact on Competition in Connections. Furthermore we believe that the current arrangements do not serve the interest of customers. LA are being exposed to additional administration costs just to enable the DNO and EDNO trade a very small amount of inter-distribution DUOS revenue in respect of UMS connections. The intent of DCP 203 will go some way to helping address these issues.	
ENWL	Non-Confidential	No. We do not agree with the intent due to the reduction in cost reflectivity of Use of System tariffs and the consequences of this. More detail is provided in question 2.	The Working Group agreed to provide an impact assessment on the existing and new LDNO discount tariffs and include this within the Change Report.
ESP Electricity	Non-confidential	Yes. The CP will reduce the number of MPANs that are required to be generated for UMS customers – it removes the need to identify the boundary point of connection for inter-distributor billing purposes.	
Northern PowerGrid	Non-confidential	Yes, we agree with the intent in so far as it seeks to reduce potentially unnecessary administrative costs but we do not believe this is the best possible solution.	
SP Distribution/ SP Manweb	Non-confidential	Yes	
UK Power Networks	Non-Confidential	Yes	
Company	Confidential?	Question Two - Do you agree with the principles of DCP 203?	
Brookfield	Non-	Yes, we believe that the proposed method for determining the	

Utilities	confidential	average weighted discount for UMS connections makes sense and is likely to be as cost reflective of the existing calculations carried out in the Price Control Disaggregation Model (PCDM). In our view, it is a reasonable assumption to consider that the ratio of domestic properties connected to EDNO networks at each boundary network level can be used as a proxy for the ratio of UMS connections to EDNOs networks at each boundary network level.	
ENWL	Non-Confidential	No. This change proposal will produce less cost reflective tariffs by effectively taking a weighted average of the UMS tariffs across voltage levels for all IDNOs. This means that the discount factor applied to the UMS tariffs will be the same for all IDNOs, regardless of the boundary of connection. This will lead to IDNOs with more networks connected at EHV/HV cross subsidising those IDNOs with a greater number of LV connected networks. A knock on impact is that this will distort competition in connections by providing an additional financial incentive to connect at a higher voltage level and an additional cost at lower voltages.	<p>The Working Group noted this response, and highlighted that an impact assessment will be included within the Change Report.</p> <p>The LDNOs networks are governed by the metered connections and the UMS connections are an ancillary service provided as part of the main network for the metered customers. Therefore, the LDNO would not take the UMS into consideration when adopting the network.</p>
ESP Electricity	Non-confidential	Yes, removing the multiple discount factors for UMS connections is a sensible approach to this industry issue. It reduces costs for customers by removing the requirement for multiple MPANs to facilitate LDNO charging. It also reduces the costs of administration for the DNOs and IDNOs when carrying out LDNO charging.	
Northern PowerGrid	Non-confidential	No. We are aware that there is an industry issue if unnecessary costs to customers are coming from potentially unnecessary administrative costs, but we do not believe this is an issue which should be addressed by the DCUSA. We understand that costs applied by meter administrators (MAs) can be high (although as a DNO we do not have visibility of such costs) especially for pseudo half hourly UMS customers, but this is a commercial arrangement between the UMS customers and MAs, and hence if these costs are deemed to be unjustifiably high then the MA should be challenged directly. This proposal proposes a change to the	<p>The Working Group noted the comments but that this is not exclusive to HH, but also to NHH and it's not only MA charges, but all the additional charges; including Suppliers charges, admin charges, inter-Distributor charges, inventory management etc.</p> <p>The Working Group recognises that this CP will not resolve the situation completely; however, it will make progress to solve portions of the problem.</p>

		charging methodology which may make a small improvement but will not affect the underlying issue of allegedly high MA charges which should be tackled head-on.	
SP Distribution/ SP Manweb	Non-confidential	Yes	
UK Power Networks	Non-Confidential	Yes	
Company	Confidential?	Question Three - Do you have any comments on the proposed legal text? Provide supporting comments.	
Brookfield Utilities	Non-confidential	We believe that the legal text meets the objectives of DCP203	
ENWL	Non-confidential	Within paragraph 124, the discount factor is calculated based on the number of domestic connections. This does not equate to the number of UMS installations and using this measure will reduce the accuracy of the calculation. We would like to see the impact on this on the revenue recovered by DNOs from IDNOs for UMS.	The Working Group highlighted that an impact analysis will be included within the Change Report. Action – NF to look at the Issue 57 consumption data details. Also to look at the CDCM model for the forecasts of domestic and UMS.
ESP Electricity	Non-confidential	No additional comments.	
Northern PowerGrid	Non-confidential	Yes. We believe there is an issue with the legal text allowing an LDNO party to actively reduce their DUoS charges from the host DNO by choosing the lowest tariff possible for each customer. For example an LDNO could easily benefit from using the new 'LDNO Any' UMS tariffs for their UMS customers with LV DNO boundaries, thus receiving a higher discount than the 'LDNO LV' UMS tariff, whilst using the voltage specific tariffs for UMS customers with higher voltage DNO boundaries, thus receiving a higher discount than the 'LDNO Any' tariff. We do not think the legal text is clear enough that this should be prohibited. We are also concerned about the policing of this matter.	The Working Group highlighted that the driver for these decisions will be to reduce the number of MPANs. The Working Group agreed to modify the legal text to mandate the LDNO any tariff can only be used when the LDNO has networks connect to the host DNO at more than one interface boundary level.
SP	Non-	No	

Distribution/ SP Manweb	confidential		
UK Power Networks	Non- Confidential	<p>In section 124 we believe that the words ‘forecast for the charging year’ should be added instead of ‘determine’ and that the word ‘made’ should be removed as shown in the following paragraph. This change will ensure that the calculation reflects the number of MPANs in the charging year.</p> <p>The DNO Parties will forecast for the charging year, determine the total number of Domestic connections made to LDNO networks, split by LDNO discount category (relating to each of the LDNO boundary network levels), within the DNO Party’s Distribution Services Area.</p> <p>In the equation in section 124, the top part concerns energised MPANs whereas the bottom part does not. We do not believe this is the intent? We propose adding “energised” before the second “Domestic” in the following paragraph.</p> <p>Total No. of LDNO Domestic connections in DNO DSA = the total number of energised Domestic MPANs registered against LDNO networks within the DNO Party’s Distribution Services Area.</p>	<p>The Working Group agreed to amend the legal text in line with the comments received from UKPN.</p> <p>Action: NF</p>
Company	Confidential?	Question Four - Do you have any comments on the model specification documents? Provide supporting comments.	
Brookfield Utilities	Non- confidential	No	
ENWL	Non- confidential	The model specification should include the removal of the existing LDNO tariffs as per our response to question 9.	The Working Group noted that they are keeping all the existing tariffs as removing them would be anti-competitive for new market entrants who only wanted to connect at one voltage level.
ESP Electricity	Non- confidential	No additional comments.	
Northern PowerGrid	Non- confidential	No, other than to point out that this change is introducing several new tariffs, as are DCP 179 and DCP 137, which may lead to industry issues with the number of available LLFC identifiers.	The Working Group felt that this was out of scope for this particular CP.

SP Distribution/ SP Manweb	Non-confidential	No	
UK Power Networks	Non-Confidential	We are comfortable that the changes proposed to the charging and discount models are correct, although we believe that the proposal to use the total number of domestic connections as a proxy for the total number of UMS connections might not be correct. This would be especially noticeable where the public lighting is provided via landlords metered supplies, as is often the case in high density housing schemes such as blocks of flats and in privately managed housing estates. However, we are not aware of an alternative method at the current time which would address these concerns.	The Working Group noted the comments within this response.
Company	Confidential?	Question Five - Do you agree with the proposals to address the potential error in inter-distributor billing as a result of customers employing CMS?	
			The Working Group agreed with the comments received in regard to Question 5, as this was a question that was related to the previous DCP 168.
Brookfield Utilities	Non-confidential	There is no potential of an error being generated as a result of CMS as the IDNO and DNO inventory will be maintained separate under the proposals set out in DCP203. A potential error would only arise if the inventories were combined under a single MPAN and the EDNO was using the total equivalent annual consumption of their inventory for inter-distributor billing purposes.	
ENWL	Non-confidential	The consultation does not explain what the potential errors that exist or how they will be addressed under this change proposal.	
ESP Electricity	Non-confidential	We are not sure why CMS has been singled out as a question in this consultation. In our opinion there will not be an error in inter-distributor billing if customers employ CMS.	
Northern PowerGrid	Non-confidential	Question asked in error.	
SP	Non-	Assuming this question is referring to having one UMS MPAN	

Distribution/ SP Manweb	confidential	rather than multiple, then yes this is sufficient to allow the DNO to charge appropriate DUOS charges for LVN and HVN connections, as the DUOS prices will probably differ.	
UK Power Networks	Non-Confidential	'CMS' isn't referred to within the consultation document and so we are not able to consider this question.	
Company	Confidential?	Question Six - The Working Group considers that DCUSA General Objective 1¹ and 2², along with Charging Objective 2³ 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.	
Brookfield Utilities	Non-confidential	<p>A single EDNO discount will reduce the inter-distributor billing costs for both the host DNO and the EDNO, which will enable both Parties to better meet DCUSA General Objective 1 as the current arrangements result in the creation of additional MPANs that add little or no value.</p> <p>DCUSA General Objective 2 and CDCM Charging Objective 2 are likely to be better facilitated indirectly by this CP as these changes will help reduce some of the additional administration burden that LA customers are exposed to as a result of the land they adopt from developers being services from IDNO networks. The practice of requiring multiple MPANs for EDNO UMS connections (not something the host DNO has to do) has led to LAs refusing to complete highway adoption agreements with developers who opt to make connections to an IDNO network on the grounds of the increased administration costs that the LA could be exposed to. The current arrangements have the real potential to distort</p>	

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

² The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity

³ that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)

		<p>competition as developers face additional obstacles in achieving highway adoption when connecting to an EDNO rather than a DNO network. The simplification of this process should go some way to addressing the concerns raised by LAs. Whilst we are happy to support this change proposal we do not believe that it will resolve all of the problems highlighted by the Change Proposer, instead it will help reduce the frequency of their occurrence.</p> <p>We believe that the only way to effectively deal with issue is to enable the customer trade of all the UMS connections in their portfolio within a GSP group under a single MPAN. Never the less, this CP still has merit as it improves the efficiency of the inter-distributor billing that will be required regardless of whether all inventory items connected to more than one distribution networks are traded under the same or multiple MPANs.</p> <p>It is important to note that EDNOs will continue to have a choice to settle inter-distributor billing using the combined average weighted discount set out in this CP or they could continue with the status quo and raise separate MPANs for inventories connected to networks for each applicable DNO/EDNO boundary. This will help ensure that any EDNO that wishes to adopt only networks where the DNO/EDNO boundary is at EHV will not be unduly disadvantaged and forced to accept a lower discount as a result of the average weighted discount being created.</p>	
ENWL	Non-confidential	<p>The consultation does not set out why the DCUSA objectives are better met. This should be set out in the consultation to allow respondents to consider the views of the Working Group. Notwithstanding this issue, we do not agree that this change proposal better meets the general or charging objectives as follows:</p> <p>General Objective 1: The development, maintenance and</p>	<p>The Working Group acknowledged that cost reflectivity is reduced to some extent, but that it is not to a significant extent.</p>

		<p>operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p>General Objective 2: The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity</p> <p>Charging Objective 2: that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)</p> <ul style="list-style-type: none"> • This change proposal reduces the cost reflectivity of DNOs charges by merging the IDNO UMS tariffs across the voltage of connection. This distorts the price signals provided by DNOs to IDNOs and results in a larger margin for IDNOs connecting at higher voltages and a lower margin where the connection is at lower voltages. The consequence of this is that it will distort competition as IDNOs will receive a financial incentive to connect at higher voltages as they will receive a higher margin as a result of this change proposal. Consequently, this change proposal does not better meet general objectives 1 and 2 or charging objective 2. 	
ESP Electricity	Non-confidential	<p>The current arrangements are a major issue for IDNOs/LDNOs. Some UMS customers are complaining of additional MPAN/administration charges for multiple MPANs. This causes delays in highway adoption – an issue that the Host DNOs do not experience. As a result it seriously impacts competition in connections – for what in reality is a very small amount of revenue (if revenue is recoverable in the first place – making reference to the MWh field in D0030 billing flows where much of the low LDNO consumption is not recorded in the 3-decimal place field of the flow).</p>	

		Therefore we believe DCUSA General Objective 2 and CDCM Charging Objective 2 are better facilitated. As this CP introduces a more efficient and economical billing process we believe it could be argued that General Objective 1 is also better facilitated.	
Northern PowerGrid	Non-confidential	We agree with the Working Group that general objectives 1 and 2 and charging objective 2 are better facilitated. However there is potential for a detrimental impact to charging objective 3 as the averaged discount factors lead to a loss in cost reflectivity. We would like the Working Group to consider whether the benefits of the change will make this loss in cost reflectivity justifiable.	The Working Group did not agree that there would be a major loss of cost reflectivity, but merely a small reduction.
SP Distribution/ SP Manweb	Non-confidential	Yes, in general.	
UK Power Networks	Non-Confidential	We agree with the views of the WG that General Objectives 1 and 2 and Charging Objective 2 would be improved as a result of this proposal (although no justification was contained within the consultation relating to how the WG believed the objectives were improved).	
Company	Confidential?	Question Seven - Do you agree with the implementation date of DCP 203?	
Brookfield Utilities	Non-confidential	Yes	
ENWL	Non-confidential	No. DNOs need a decision and completed pricing models ready to produce indicative charges in December 2014. Given the work still required, we think that the implementation date of April 2015 is not achievable.	The Working Group believe that they are on track to meet the deadlines in order to be implemented into the December 2014 indicative charges
ESP Electricity	Non-confidential	Yes	
Northern PowerGrid	Non-confidential	As per our previous responses, we do not believe this is the most appropriate solution to the underlying problem. However, if the industry agrees that this is the best solution to take forward then	

		yes we see no reason to delay the implementation beyond 01/04/2015.	
SP Distribution/ SP Manweb	Non-confidential	Yes, April 2015 seems achievable	
UK Power Networks	Non-Confidential	The implementation date of this DCP isn't included within the consultation document itself, but reference to the CP shows that this is April 2015, which we believe is achievable at the current time.	
Company	Confidential?	Question Eight - Are there any alternative solutions or matters that should be considered by the Working Group?	
Brookfield Utilities	Non-confidential	None at this time	
ENWL	Non-confidential	The consultation makes no reference to CP1414 and we assume that this is a standalone proposal. However, given that the original change proposal (DCP 168) considered this issue alongside the merging of inventories, this consultation should explain how the two interact, or if they are completely unconnected.	<p>The Working Group explained that the two changes are completely independent. The combining of inventories within DCP 168 was withdrawn as it was better placed within the BSC and is now CP1414.</p> <p>The Working Group agreed to provide additional clarity on this point within the Change Report.</p>
ESP Electricity	Non-confidential	Not that we are aware of that relates specifically to DCUSA and this WG.	
Northern PowerGrid	Non-confidential	It may be useful for the Change Report to highlight the necessity for striking an appropriate balance between the administration costs caused by multiple tariffs and the potential for some loss of cost reflectivity from having fewer tariffs.	The Working Group noted the response, and agreed to provide additional clarity within the Change Report.
SP Distribution/ SP Manweb	Non-confidential	Other than the comments made in our response to Q9 below, SPEN believe that it should be noted that the approval of DCP203 will in all likelihood negate the need for CP1414. SPEN 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	The Working Group noted the comments within the response.

		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	
UK Power Networks	Non-Confidential	<p>The proposal, which will result in an average use of system charge irrespective of the embedded network that is provided, could restrict or overstate the operating margin available to embedded networks. This would be especially relevant if a network operator focusses on a niche area of network types. For example larger EHV schemes or smaller LV connected schemes. We appreciate that this links with the issue discussed in question 9 and we acknowledge that this is a complex area to resolve.</p> <p>An impact analysis comparing the average discount percentage for each licenced embedded network operator against the average discount percentage for all licenced embedded network operator should be undertaken to ensure that the proposal will not unfairly restrict the margins for a network operator.</p>	The Working Group explained that an impact analysis will be provided within the Change Report that will address the points raised within this response.
Company	Confidential?	<p>Question Nine - The Working Group have decided to create 5 new "LDNO Any: Unmetered" discount tariffs rather than replacing the existing LDNO UMS discount tariffs. This means that an LDNO would have the option to choose to be billed on the "LDNO Any: Unmetered" discount for its UMS Connectees only or to opt for the relevant LDNO discount to be applied for all its UMS Connectees connected to its distribution systems at each applicable network level. The Working Group anticipates that all established LDNOs will opt for the new "LDNO Any: Unmetered" discount although future new market entrants that only adopt distribution systems connected to HV or EHV networks may wish to opt for the higher discount that would be available if they were to raise an MPANs for each of their UMS connected at each of the applicable boundary network levels. The Working group believes that this is the best approach to avoid unfair discrimination to any future LDNO market entrant.</p>	

		Do you agree with this assertion?	
Brookfield Utilities	Non-confidential	Yes, we agree with the Working Group that this is the correct approach	
ENWL	Non-confidential	We strongly believe that there should not be two sets of tariffs that customers can choose between. This has been an issue for NHH and HH tariffs for customers that can elect to be settled half hourly as there is a price impact when each customer moves between the tariffs. This has also been a historical issue for UMS customers where in one DNOs area a substantial number of UMS customers moved to non-half hourly settlement in one year and then back to half hourly settlement the following year. We urge the Working Group to consider only making one set of tariffs available to overcome potential issues in the future.	The Working Group agreed to another impact analysis in order to demonstrate the materiality of the idea of cherry picking between tariffs
ESP Electricity	Non-confidential	Yes, we agree with the WG's approach	
Northern PowerGrid	Non-confidential	We agree that by maintaining the old tariffs as well as introducing more allows flexibility for new market entrants. However, as per our response to question 3, we are concerned about appropriate tariff selection and whether additional flexibility could lead to tariff miss-selection. LDNOs will need to make a decision up-front about which set of UMS tariffs they wish to use. We also believe that the process or ideally the legal text should clearly define that the choice referred above is a once-only option in order to prevent unnecessary changes to tariffs year on year.	Same as the response for ENWL Also about locking it down to boundary level
SP Distribution/ SP Manweb	Non-confidential	SPEN have some concerns that providing a choice to the LDNO on whether to use 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 noted that this goes back to the boundary levels...and also the same response as ENWL.

		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	Although we understand why the WG have made the decision which they have, we believe that this introduces the possibility of 'cherry picking' of tariffs taking place between the new 'ANY' discount and the one relevant for their connected voltage.	
Company	Confidential?	Question Ten - The working group discussed the migration of UMS connection form the current discount tariffs to the new arrangement should this DCP be successful. It was agreed that the impact should be negligible as most IDNO networks are still waiting for Local Authorities to complete the highways adoption. This tariff is likely to only be used for LA customers so there is not expected to be any migration issues. Do you agree with this assertion?	
Brookfield Utilities	Non-confidential	Yes we agree with the Working Group's ascertain. ENC and IPNL probably have some of the longest established EDNO network servicing domestic developments. Due to the normal time lag between completion of a development and the adoption of the highways by the local authority, the vast majority of adoptable highways served by our networks are not yet adopted by Local Authorities. We therefore cannot foresee there being any problem with migrating existing inventories if this CP is successful.	
ENWL	Non-confidential	This issue has not been described within the consultation document which makes it difficult to answer the question. We would like the following questions clarified: <ul style="list-style-type: none"> The question states that this tariff is likely to be only used for LA customers. This implies that other customers will remain on the existing tariffs. We do not think it is appropriate that 	<p>Question 1 – Locking it down, there won't be a choice</p> <p>Question 2 – The Working Group agreed to include this within the Change Report</p> <p>Question 3 – The Working Group explained that the process would be explained more fully in the Change Report.</p>

		<p>IDNOs can put customers on either tariff.</p> <ul style="list-style-type: none"> • What percentage of LA UMS connections are still waiting for Local Authorities to complete the highways adoption? • What is the process for migration? Will this involve the de-energisation of existing MPANs and creation of new MPANs? • Does this have any interaction with CP1414? 	Question 4 – The Working Group noted that they are both standalone CPs.
ESP Electricity	Non-confidential	Yes, we agree with the WG's assertion	
Northern PowerGrid	Non-confidential	Based on the RFI conducted by the Working Group there are a relatively small number of LDNO UMS supplies, however as per our response to question 3, all of these customers (for each LDNO) would need to be migrated on a single day. It is assumed in question 9 that LDNOs will take up the new tariffs immediately, so provided LDNOs handle the migration correctly we have no concerns about migration.	<p>The Working Group did not understand why the respondent felt that this will need to take place on a single day.</p> <p>Action: NF to email NPG for more information</p>
SP Distribution/ SP Manweb	Non-confidential	No – SPEN refute the suggestion that “This tariff is likely to only be used for LA customers...” SPEN understanding from the DCP203 text is that it introduces a replacement tariff for the LDNO to use for their complete UMS Portfolio. The creation of MPANs is linked to the fact that a UMS supply exists –the ‘adoption by LA’ status is irrelevant to the need for multiple MPANs at each network connection level and energy profile option. MPANs should have been or need to be created for Developers in the first instance before ‘transferring’ them onto the LA ‘equivalent’ MPAN(s) following adoption. In addition, the situation being addressed applies to all UMS Customers, and not just Local Authorities. There are many Developers and Commercial Enterprises operating across several network boundaries and ALL must be included in this CP – This was addressed in the responses to the previous DCP 168 and amended before ultimate withdrawal. Otherwise what is actually being proposed is a “Any’ tariff for LA UMS and the remaining LDNO UMS portfolio continues as it is, which as stated in our	The Working Group believe that this will be mostly be used by LA customers, but it will not be restricted to them.

		response to Q9 above would be unacceptable to SPEN.	
UK Power Networks	Non-Confidential	We would agree with the views of the WG on this matter.	