

**DCUSA DCP 189 Consultation Responses – Collated Comments**

<b>Company</b>	<b>Question One - Do you understand the intent of the CP?</b>	<b>Working Group Comments</b>
WPD	Yes	Noted
ENWL	Yes	Noted
SP Distribution / SP Manweb	Yes, we understand the intent of the CP.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Yes, Northern Powergrid understands the intent of the change proposal to provide more cost reflective charges to customers who have been identified as paying upfront O&M payments.	Noted
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes	Noted
UK Power Networks	Yes, we understand the intent of the change proposal.	Noted
<b>Company</b>	<b>Question Two - Are you supportive of the principles established</b>	<b>Working Group Comments</b>

	by this proposal?	
WPD	Yes	Noted
ENWL	Yes	Noted
SP Distribution / SP Manweb	Yes, We are supportive of the principles of the CP.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Yes, this change proposal seeks to address an existing industry issue and provide an enduring solution to this moving forward.	Noted
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes	Noted
UK Power Networks	We are supportive of the principles where the intent is to not recover charges for assets that an EDCM customer has already paid for and where it is practical to implement. However we are concerned that this change might set a precedent for reviewing the 2005 connection / use of system boundary policy change	The Working Group noted the respondent's concerns. The group noted that they had previously discussed whether this area should be considered given the pre-2005 distributed generation decision.

	<p>with regard to how all other customer's (CDCM) charges might be affected.</p> <p>Consequently the application of the proposal to EDCM demand customers should be reconsidered in light of how previous connection / use of system boundary changes have been applied including the application of revised use of system charges without adjustment for the connection policy at the time of connection.</p>	<p>One Working Group member suggested that a blanket exemption on import would be consistent with Ofgem's decision to apply a blanket exemption on export as the sole use assets are now split between import and export under the EDCM, the group agreed with this view.</p>
<b>Company</b>	<b>Question Three - Do you agree that the default position under DCP 189 should be that all exempt pre-2005 EDCM generators should be exempt from the fixed charge component of the SUA charges in their import charges?</b>	<b>Working Group Comments</b>
WPD	Yes	Noted
ENWL	Yes. Ofgem have made a decision that any pre-2005 connected generator should be exempt from export charges for 25 years and this time period was selected as representative of the duration over which DNOs tended to capitalise any upfront O&M payment. It is sensible that this principle should apply to the import charge as well as the export charge and therefore these customers should default to exempt.	Noted
SP Distribution / SP Manweb	Yes, given the same principles apply we believe a consistent approach should be used.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	<p>Yes, Northern Powergrid agrees that the default position under DCP 189 should be that all exempt pre-2005 EDCM generators should be exempt from the fixed charge component of the SUA charges in their import charges.</p> <p>The reason being is that the pre 2005 generators are deemed to have already paid their O&amp;M on their sole use assets (SUA) and therefore it would be unfair for them to be paying for this through their import fixed charge based upon their agreed import capacity.</p>	Noted
Scottish	Yes	Noted

Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc		
UK Power Networks	No. We feel that the 'blanket' application of revised use of system demand charges to exempt generators at the time of EDCM introduction was in line with how previous connection / use of system policy changes were implemented.	Please see working group response to question 2.
<b>Company</b>	<b>Question Four - Do you agree that the treatment of O&amp;M for customers that have requested assets above the minimum scheme is out of scope for DCP 189?</b>	<b>Working Group Comments</b>
WPD	Yes	The group noted that all respondents agreed with this and that respondents' views were that this should be covered by the Common Connection Charging Methodology.
ENWL	Yes. The Common Connection Charging Methodology should be modified to exclude capitalised O&M for EHV customers through a separate DCUSA change proposal.	Noted
SP Distribution / SP Manweb	Yes, this change proposal does not include the sole use assets of sites that were installed above the minimum scheme, as the O&M for these sites is based on network rates and not operation costs.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and	Yes, Northern Powergrid agrees that the treatment of O&M for customers that have requested assets above the minimum scheme is out of scope of this change proposal. The EDCM was not designed to recover O&M for assets installed at the customer's request which are above the minimum scheme.	Noted

Northern Powergrid (Yorkshire) plc		
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes, this is a matter covered by the common connection charging methodology.	Noted
UK Power Networks	Yes	Noted
<b>Company</b>	<b>Question Five - Do you agree with the Working Group's recommendation to not amend tariffs retrospectively?</b>	<b>Working Group Comments</b>
WPD	WPD believe that tariffs are not normally adjusted retrospectively for changes in methodologies but WPD would also not object if they were in this case. WPD agree with the approach that this subject would need to be considered in the Ofgem decision.	It was noted that respondents unanimously agreed with this suggestion.
ENWL	Yes. This would not be practical.	Noted
SP Distribution / SP Manweb	Customers are charged in line with the current methodology. Where the methodology is changed, this change is not normally applied retrospectively; as such this approach should be maintained.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast)	Yes, Northern Powergrid agrees with the working group's recommendation not to amend tariffs retrospectively. As none of the following three conditions have been met, there is no justification to amend tariffs retrospectively. <ul style="list-style-type: none"> <li>Where there had previously been deliberate intent to apply something that was known to be wrong;</li> </ul>	Noted

Ltd and Northern Powergrid (Yorkshire) plc	<ul style="list-style-type: none"> <li>Where it was reasonable to foresee that the application of something was wrong; or</li> <li>Where Ofgem had been clear throughout that the intention was to retrospectively apply the modification if approved.</li> </ul>	
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes, it would not be appropriate to apply a retrospective change on a decision made by Ofgem which the DNOs have complied with. (Reference: decision on time-limited exemption from UoS charges for pre-2005 generators letter from Ofgem dated 16th March 2012).	Noted
UK Power Networks	Yes. Policy and methodology changes should generally be applied from a given date going forward.	Noted
<b>Company</b>	<b>Question Six - Do you agree with the proposed approach to customers providing evidence where they believe that they have paid upfront O&amp;M?</b>	<b>Working Group Comments</b>
WPD	Yes	The working group noted that respondents unanimously agreed with this suggestion.
ENWL	Yes. If customers can prove that they paid capitalised O&M when they connected, they should not be charged for it again through DUoS charges.	Noted
SP Distribution / SP Manweb	Yes, if a customer believes they have paid upfront O&M, they should have evidence supporting this belief.	Noted
Northern Powergrid on behalf of Northern	Yes, Northern Powergrid believes that customers should provide evidence where they believe that they have paid upfront O&M. The working group should consider placing a deadline on the provision of this data in order to ensure that it is captured in time for the charge setting	The Ofgem representative queried whether providing this evidence would be a one time opportunity or whether it could be provided at a later stage. In response, the group noted that for pre-2005 there was an opportunity to opt in each year for

Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	rounds. (For example - Currently opt-in for generation exempt sites states that they should inform the DNO prior to the end of November in order for it to be reflected in tariffs for the following April)	<p>future years. For DCP 189 it would be the same, i.e. if evidence is not brought forward in time for the next set of tariffs then it could be applied to the following year's tariffs.</p> <p>It was observed that a decision on DCP 189 is unlikely to be received before November 2014. DNOs will need to know which customers are impacted by December 2014 which does not give much time. In response, it was noted that the default position will capture the majority of customers (which already have an exemption under the export side) and only a small number would need to bring forward evidence.</p>
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes, the customer should provide written evidence (the original connection contract and associated correspondence, for example) to prove they have paid O&M, preferably detailing the value involved.	Noted
UK Power Networks	Yes. If the proposal is approved for implementation then customers would be best placed to provide auditable evidence of the assets that they have paid for.	Noted
<b>Company</b>	<b>Question Seven - Are there any unintended consequences of this proposal?</b>	<b>Working Group Comments</b>
WPD	No	Noted
ENWL	Not that we are aware of.	Noted
SP Distribution / SP Manweb	None at this time.	Noted
Northern	None that we are aware of at this time.	Noted

Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc		
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	We are not aware of any.	Noted
UK Power Networks	<p>The unintended consequences of this proposal are that it could trigger the revisiting of the 'correct' use of system charges for any site where there has been a change in the connection / use of system boundary since the site was connected.</p> <p>This reviewing of charges could work both ways although it would be unlikely that a customer would seek higher use of system charges if they had connection charges which had been subject to previous tariff support schemes.</p>	The Working Group noted that this issue was discussed against question two above.
<b>Company</b>	<b>Question Eight - Do you consider that the proposal better facilitates the DCUSA objectives?</b>	<b>Working Group Comments</b>
WPD	WPD agree with the working group's assessment in that it better	Noted



	facilitates Charging Objective 3 and General Objective 3.	
ENWL	We agree with the Working Group that this change proposal better meets charging objective 3 and general objective 3 as it will prevent customers being charged for capitalised O&M upfront and then paying again for the same cost through use of system charges.	Noted
SP Distribution / SP Manweb	Yes, General Objective Three & Charging Objective Three as this change will ensure that customers are not charged twice by the DNO for operation and maintenance of the network.	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Charging Objectives This change proposal better facilitates charging objective 3. General Objectives This change proposal better facilitates general objective 3.	Noted
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Yes	Noted
UK Power Networks	We do not feel that there is enough evidence that it better meets the objectives and could distort competition to the extent that some EDCM customer's charges would be adjusted where an equivalent customer	It was observed that the Ofgem decision on the EDCM/CDCM differentiated between EDCM and CDCM customers, with customers being able to opt into the EDCM. Ofgem has

	under the CDCM would not.	<p>therefore set down different principles for the EDCM and CDCM.</p> <p>The respondent noted that the differences between the two are very small.</p> <p>The Ofgem representative on the group highlighted that there is no such thing as an equivalent customer between the EDCM and CDCM as they have different characteristics.</p> <p>It was also highlighted that the EDCM is site specific whilst the CDCM is averaged, thus they are different methodologies which means customers on them will be charged differently.</p>
Company	Question Nine - Do you have any comments on the proposed legal text?	Working Group Comments
WPD	No	Noted
ENWL	No	Noted
SP Distribution / SP Manweb	No	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	<p>The first line of the proposed legal text suggests 'Amend 16.10 in Schedule 17 and 18 as follows:' We feel that this should read 'Amend 16.10 in schedule 17 and 16.9 in schedule 18' to take account of both the FCP and LRIC methodologies. This appears to be because paragraph 16.5 has been split into two paragraphs in Schedule 17 and not in Schedule 18.</p> <p>e.g. para 16.6 in Schedule 18 starts with: Next, a residual revenue contribution rate is calculated as follows:</p>	ElectraLink took an action to confirm whether the legal text should be updated. <b>Action</b>
Scottish Hydro	No	Noted

Electric Power Distribution plc and Southern Electric Power Distribution plc		
UK Power Networks	No	Noted
<b>Company</b>	<b>Question Ten - Are there any alternative solutions or matters that should be considered?</b>	<b>Working Group Comments</b>
WPD	No	Noted
ENWL	No	Noted
SP Distribution / SP Manweb	No	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	No, not that we are aware of at this time.	Noted
Scottish Hydro Electric Power	No	Noted

Distribution plc and Southern Electric Power Distribution plc		
UK Power Networks	We feel that the 'blanket' application of the EDCM to demand customers was the correct and transparent approach, and followed how previous policy changes had been applied.	See response to question 2
<b>Company</b>	<b>Question Eleven - Are you supportive of the proposed implementation date of 1 April 2015?</b>	<b>Working Group Comments</b>
WPD	Yes if the new model is available prior to December 2014	Noted
ENWL	Yes	Noted
SP Distribution / SP Manweb	Yes	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	Yes, Northern Powergrid supports the proposed implementation date of 1st April 2015 as the number of customers affected by this change proposal is not significant and the sooner an enduring solution is implemented the better.	Noted
Scottish Hydro Electric Power Distribution	Yes, provided approval from Ofgem is received by November 2014 in time for the processes involved in setting the DUoS charges which DNOs are obliged to (or may become obliged to, given the pending decision on DCP178) notify to relevant parties by 31 December 2014.	Noted

plc and Southern Electric Power Distribution plc		
UK Power Networks	Whilst we are able to implement the proposal on 1 April 2015 consideration needs to be given to a reasonable lead time for customers to provide auditable evidence. Implementation on 1 April 2016 would allow a reasonable time period for customers to be contacted and provide the required auditable evidence.	The respondent further explained that there will not be much time for customers to provide evidence before the calculation of tariffs. Counter to this argument, it was noted that delaying the implementation date would prevent the majority of customers that will get a blanket exception from benefiting from the CP. The group agreed not to amend the proposed implementation date.
<b>Company</b>	<b>Question Twelve - Do you have any comments on the proposed EDCM model?</b>	<b>Working Group Comments</b>
WPD	No	Noted
ENWL	No. We have reviewed the EDCM model and are happy with it.	Noted
SP Distribution / SP Manweb	No	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	No, not at this time.	Noted
Scottish	No	Noted

Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc		
UK Power Networks	No	Noted
<b>Company</b>	<b>Question Thirteen - Please state any other comments or views on the Change Proposal.</b>	<b>Working Group Comments</b>
WPD	N/A	Noted
ENWL	No comments	Noted
SP Distribution / SP Manweb	We have no further comments	Noted
Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc	None.	Noted
Scottish Hydro Electric	No additional comment	Noted

Power Distribution plc and Southern Electric Power Distribution plc		
UK Power Networks	We have no further comments.	Noted