

DCUSA DCP 103 Consultation Responses – Collated Comments

Question One	For DNOs: Distributors require information on Supplier’s customers currently on Measurement Class E in order to undertake the modelling (Clause 30.18). The legal text is requesting the equivalent tariff for each Metering Point. In order to refine the legal text what type of information is needed to carry out the modelling – Is it numbers of customers on each tariff or the units associated with each tariff, or both?																													
British Gas	N/A																													
ENWL	<p>We believe that as a minimum we would require the supplier to provide the number of customers on each equivalent profile class tariff (see Table 4 of the proposed revision to Schedule 16) together with the aggregated units used for both rate 1 and rate 2 where those customers are currently on Measurement Class E.</p> <table><tr><td>Point of Connection</td><td>Tariff name</td><td>Profile Class</td><td>Number of Customers</td><td>Aggregated Annual consumption for all customers (Unit rate 1)</td><td>Aggregated Annual consumption for all customers (Unit rate 2)</td></tr><tr><td>LV</td><td>Domestic Unrestricted</td><td>0</td><td></td><td></td><td></td></tr><tr><td>LV</td><td>Domestic Two Rate</td><td>0</td><td></td><td></td><td></td></tr><tr><td>LV</td><td>Small Non-Domestic unrestricted</td><td>0</td><td></td><td></td><td></td></tr></table>						Point of Connection	Tariff name	Profile Class	Number of Customers	Aggregated Annual consumption for all customers (Unit rate 1)	Aggregated Annual consumption for all customers (Unit rate 2)	LV	Domestic Unrestricted	0				LV	Domestic Two Rate	0				LV	Small Non-Domestic unrestricted	0			
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	LV	LV Medium Non-Domestic	0			
	LVS	LV Sub Non-Domestic	0			
	<p>Alternatively a spreadsheet for all of the supplier's customers currently on Measurement Class E with disaggregated values i.e.at Metering Point Administration Number (MPAN) level that contains the equivalent tariff and annual units for unit rate 1 and unit rate 2 associated with each MPAN. The number of rows under each tariff name would equal the number of MPANs that are to be applied to that tariff e.g. Domestic Unrestricted below is showing three rows, one row for each MPAN where there are only three being associated with that tariff. Alternatively have each tariff and list of MPANs associated with it on separate tabs within the excel workbook.</p>					
	Point of Connection	Tariff name	Profile Class	Metering Point Administration Number	Aggregated Annual consumption (Unit rate 1)	Aggregated Annual consumption (Unit rate 2)
	LV	Domestic Unrestricted	0			

	LV	Domestic Two Rate	0				
	LV	Small Non-Domestic unrestricted	0				
	LV	Small Non-Domestic two rate	0				
	LV	LV Medium Non-Domestic	0				
	LVS	LV Sub Non-Domestic	0				
GTC	<p>We believe this question is based on the shaky principle that customers traded on profile class 5 to 8 should be treated as a special case and differently from the principles applied to other HH customers. See our reasons in the comments section.</p> <p>To that end we believe asking for the type of information for modelling before the principles of charging are agreed is flawed and inappropriate.</p> <p>We make comments on the legal text separately below</p>						
Scottish Power	N/A						
Smartest Energy	N/A						
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	The units associated would be essential but we would prefer both types of information to be provided.						

SP Distribution/SP Manweb	In order to carry out modelling both the number of customers and units associated with each tariff are needed.
SSE Energy Supply Ltd	N/A
UKPN	From Distributor practice's the information to model sufficiently would require both customer numbers and the units associated to a tariff. The legal text refinement should be inclusive of both sets of information.
Question Two	There are three instances where notification of the tariff is to be provided. It is proposed that the first two will align with known effective from dates, be it the implementation date of the tariff (Clause 30.20) or the first change of Measurement Class (Clause 30.22). On the third, it is only the Supplier who will know because there are no data flows being sent between parties. The Working Group discussed the latter (Clause 30.25) in more detail and discussed whether, in order to avoid retrospective amendments and the corresponding impacts associated with having to undertake cancelling and rebilling processes that are likely to be more costly than the difference in the Use of System Charges, the effective date be set to 5 Working Days from the request, with an alternative being to make it effective from the 1st of the following month, thereby avoiding two bills in the same month. Do you agree with the first two dates aligning with the implementation date of the tariff, and the initial change of Measurement Class? Which option do you prefer for the third instance? Do you have any alternative proposals?
British Gas	We agree with the first two dates aligning with the implementation date of the tariff. For the third option, as the value of interim invoice may be low we would prefer to make it effective from 1 st of the following month. We do not have any alternative proposals.
ENWL	<p>Clause 30.20 – The date should be the effective from date of the tariff which will be the 1st April or the 1st October of whichever year.</p> <p>Clause 30.22 – The date should be the effective from date of the Measurement Class change. This is an industry communicated date, and is the date used now for the tariff change associated with a change of Measurement Class from A to E.</p>

	<p>Clause 30.25 – We agree that it should be in advance of the notification and not retrospective. We prefer the 1st of the following month is used. This avoids any disputes over when the clock starts ticking regarding receipt of notification, and a cleaner billing timetable.</p> <p>We have no alternative proposals.</p>
GTC	<p>Please see our comments on the legal text in the Comments section below.</p> <p>The drafting of the legal text works on the premise that it is the supplier that selects the use of system tariff. We think this thinking is flawed. Whilst the supplier can request a tariff, it is for the distributor to approve or reject such request and subsequently apply the tariff. (Where a distributor rejects a request it should have reasonable ground for doing so). This is demonstrated by most DNOs using the LLFC as a tariff code – this data item belongs to the DNO and is something that the DNO can only change.</p> <p>Notwithstanding the above and our comments on the drafting:</p> <ul style="list-style-type: none"> • we do not understand why such a prescriptive approach is required for the process for notifying a change of tariffs where none is required for changes of other tariffs. This approach seems inconsistent • in respect of the information made available to us, our initial view is that the notification timescales and the implementation dates are acceptable. • the third instance is unacceptable since it works on the premise that the supplier has the absolute right to select the use of system tariff. The duty to produce and apply charging methodologies is a licence obligation on distributors and (an obligation under DCUSA). It is therefore for distributors to ensure that they apply their charges in accordance with their duties. • Distributors have the obligation to apply charges in a non discriminatory manner.
Scottish Power	<p>Yes, we agree with the first two dates aligning with the implementation date.</p> <p>On the third instance, we prefer the 1st of the following month to avoid the need for two bills in the month.</p>
Smartest Energy	<p>Agree with the first two dates aligning with the implementation dates of the tariff as this follows dataflow effective from date arrangements under the BSC. For the third instance, an effective date set to 5 Working Days from the request would be the most appropriate as a standard rule, and receiving two bills in one month does not present us with any process issues.</p>

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	We would prefer the "third date" to be the first of the following month.
SP Distribution/SP Manweb	<p>We agree to the first two dates aligning with the implementation date of the tariff, and the initial change of Measurement Class.</p> <p>For the third instance we would prefer the second option, which is the 1st of the following month, to avoid two bills in the same month. If a site was to change from A to E near the end of a month (say the 26th of a month with 28 or 30 days, less than 5 working days), when would the billing begin, would it be the 1st of the next month (even though this is less than 5 working days) or the 1st of the following month (when the 5 working days have elapsed)?</p> <p>We do not have any alternative proposals at this stage.</p>
SSE Energy Supply Ltd	1st of the following month
UKPN	We agree to the proposed alignment of the implementation of tariff and initial change dates. With regards to the third instance we would prefer the first of the following month. However we feel clause 30.25 requires further refinement to avoid suppliers from tariff hedging. The clause could incorporate the notion of a change being implemented annually rather than on a request basis as it is currently worded.
Question Three	The legal text for the process associated with tariff changes has been placed outside of Schedule 16 as it is not part of the methodology modelling process, albeit it does provide input data to the process. It is suggested that it is applied to Clause 30 – Provision of Information. An alternative clause may be Clause 19 – Charges. Please provide comments and views on where you think it is appropriate to insert the legal text within the DCUSA.
British Gas	We agree that Clause 30 is the most appropriate place to put the legal text as it does relates to provision of information from the supplier to the distributor.

ENWL	We agree that it should not form part of Schedule 16 because it is not part of the methodology although it is input data. This is a business process for communicating information in order that we charge against the correct tariff. So we believe that it is input data into the charging process just as the metering data is. It is therefore our opinion that it should reside under Clause 30 as suggested.
GTC	Clause 19 may be more appropriate as this specifically relates to charges and charging arrangements.
Scottish Power	Legal text has to be included within DCUSA and we agree with the Working Group's proposal.
Smartest Energy	If the proposed new text is to be placed outside of Schedule 16, then it should apply to Clause 30 'Provision of Information' and not Clause 19 'Charges'. The new text concerns how and in what circumstances information is used, rather than being a direct charging mechanism/function.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	We have no particular preference – both clauses 30 and 19 are reasonable locations for the necessary text.
SP Distribution/SP Manweb	We agree with the proposal of inserting the legal text into Clause 30 – Provision of Information within DCUSA.
SSE Energy Supply Ltd	Unable to comment
UKPN	Clause 30: provision of information broadly covers the intent of the tariff changes and should be suitable for the legal text to be added to this section.
Question Four	<p>The Working Group also discussed a situation where no notification is received. In such circumstances under Clause 30.18, Clause 30.19 or Clause 30.21 the Company may apply:</p> <ul style="list-style-type: none"> The most appropriate tariff based on the Company's assessment; or

	<ul style="list-style-type: none"> • Apply a default tariff equivalent to that of a Domestic Unrestricted tariff.
British Gas	We would prefer a default tariff to be applied as this will provide certainty to the supplier and will avoid potential disputes if left to the Company's assessment.
ENWL	See response below. The above is a statement.
GTC	We presume this section links to the question below.
Scottish Power	N/A
Smartest Energy	A default tariff equivalent to Domestic Unrestricted as a generic default option could be used. This should be agreed prior to implementation by the working group. We do have some concerns over the potential creation of new tariffs, and the arrangements which would need to be in place to handle them and would request the working group to offer some information on this area prior to party voting.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	N/A
SP Distribution/SP Manweb	To be consistent with other invalid combinations the default tariff equivalent to that of a Domestic Unrestricted tariff should apply.
SSE Energy Supply Ltd	N/A
UKPN	Where there has been no notification, the Distributor's discretion to select a suitable tariff would be reasonable in comparison to applying a default tariff which could ostensibly create a greater distortion
Question Five	Do you believe Distributors should have the flexibility to assess for themselves what such a tariff should be? Also is the default tariff an appropriate one?

British Gas	As above we would prefer a default tariff to be applied i.e. the domestic unrestricted tariff
ENWL	<p>We can understand the rationale associated with the ability to allow the Company to assess what the appropriate tariff should be based on history associated with profile class that they may have on the MPAN, but this will cause some administrative burden on the Company and potential disputes with the User.</p> <p>The default position is already codified for NHH customers as</p> <p>"Schedule 16 Para 141 Note 2: Where DNO Parties use a default tariff for invalid settlement combinations these will be charged at the Domestic Unrestricted rates."</p> <p>Each Company's LC14 statement indicating as to whether they will charge or not.</p> <p>This is not being proposed to be altered since it is specific to settlement combinations (i.e. the combination of LLF, PC, SSC).</p> <p>In the instances proposed within the legal text associated with the provision of information where a default tariff is being suggested there is no such combination and as such need to create a default tariff. However since these customers are one and the same but now under the proposed Half-Hourly arrangement covered by Measurement Class E (supported by the changes associated with Table 4) we see no reason to apply a different logic so we believe that there should be no Company Assessment and the default tariff should match that currently in place for NHH customers, namely the Domestic Unrestricted tariff. We therefore suggest the following legal text amendment.</p> <p>"In such circumstances under Clause 30.18, Clause 30.19 or Clause 30.21 the Company may will apply:</p> <p style="text-align: center;">• The most appropriate tariff based on the Company's assessment; or</p> <p>A apply a default tariff equivalent to that of a Domestic Unrestricted tariff."</p>
GTC	Distributor have the right to assess the tariff, the use of the word "flexibility" is too soft.

	<p>Please see our comments on the legal text in the Comments section below.</p> <p>We struggle to understand why this scenario addressed by the intent of this change proposal differs from other scenarios of selecting tariffs. We not agree that a separate process or clause is required to cover this. As we have state in our comments above and in the Comments section we contend that it is always the distributor who applies the tariff. As an IDNO, our use of system charges replicate those of DNOs operating in their respective distribution services areas. The most appropriate tariff would be selected from these published tariffs.</p> <p>For the circumstances described by this change proposal customers will already be charged on a tariff. The use of a default tariff would apply where the registered data provided (e.g. SSC/PC) is inconsistent with the tariff being registered. In the circumstances described the customer will already be on a default tariff or the move to a default tariff is likely to arise as a change in the settlement data to invalid combinations.</p> <p>I don't think that it is right to specify what the default tariff should be in these circumstances any more than any in respect of other tariffs. What default tariff a DNO should apply should reside within each distributors charging statement.</p>
Scottish Power	<p>Would the Company's assessment be to review how the MPAN was billed previously? If so, then this seems to be the most sensible option. If the User does submit the information after the Company makes their assessment will this take precedence and be accepted as a backdated update?</p>
Smartest Energy	<p>The Distributors shouldn't have the flexibility to assess for themselves which tariff should be used. A default tariff is appropriate to have as a reserve in defined scenarios. However, the working group should provide clarification as to what situations this would be necessary in, and again, ensure there is a default tariff in advance.</p> <p>Also, having an arrangement in place which incentivises the Distribution company to take the customer off the default rate in such circumstances as quickly as possible is vital. If there is no incentive, there is a risk a customer will be on expensive rates whilst waiting for the Distributor to assign the correct tariff, and this would be entirely inappropriate. Therefore, any default rate should be at the low end of the range.</p>

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	DNOs should have the flexibility to assess the appropriate tariff if circumstances dictate and we do not feel that the suggested default is appropriate for all circumstances.
SP Distribution/SP Manweb	N/A
SSE Energy Supply Ltd	<p>None of the options described are suitable because they allow the supplier and the distributor to pursue gaming strategies to reduce their payments +/- or increase their cash flow.</p> <p>The process should be halted if the supplier fails to notify the distributor of the required DUoS tariff.</p>
UKPN	As per the previous question.
Question Six	The legal text associated with Schedule 16, Para 72 has been amended as a consequence of separating the process for tariff changes. Are you supportive of the modification to this text?
British Gas	We support the modification to the text
ENWL	There is an argument to say that it is not required since the relevant clauses within this Schedule indicate as such, however DUSCA Legal advice was that it did provide some clarity prior to the changes the working group instigated as a consequence of their review. We believe that it is therefore pragmatic to retain in line with the suggested changes.
GTC	<p>No.</p> <p>No justification has been provided as to why this sub class of HH customers should receive different treatment from other HH customers</p>
Scottish Power	Yes if the MPAN was PC5-8 previously but not for PC 1-4.

Smartest Energy	We are supportive of the modification of this text but would also like to understand if there are any other differences between the way Elective HH Metered Demand users, and non-half-hourly demand users are treated currently.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	No view.
SP Distribution/SP Manweb	If the change proposal is approved then the modification to the legal text seems appropriate.
SSE Energy Supply Ltd	Unable to comment
UKPN	Yes, we agree with the separation as it involves a process outside the charging methodology. Yes, the modified text provides adequate wording.
Question Seven	Are there any unforeseen issues that have not been addressed?
British Gas	We do not believe so
ENWL	It should be noted that where such instances occur under Clause 30.19 and Clause 30.21 i.e. a default tariff is applied and the User then sends an amendment to this default, Clause 30.24 should apply since it is classed as being on an elective arrangement. We do not want to be involved in retrospective amendments to the billing processes. It must be remembered that this is a consequence of not complying with the relevant clauses within DCUSA.
GTC	<p>Please see comments section below</p> <p>We have not seen any justification as to:</p> <ul style="list-style-type: none"> • why customers described as Elective HH Metered Demand users should be treated differently

	<p>from other HH users</p> <ul style="list-style-type: none"> Why the charges on PC 5 to 8 are deemed to be more cost reflective than HH charges.
Scottish Power	<ul style="list-style-type: none"> We have assumed this CP will result in the elective HH MPANs being billed via the supercustomer bills. How will the elective HH data appear on supercustomer bill as no PC, TPR or SSC is valid for a HH MPAN? This change has to have corresponding changes to MDD the SVAA processes to avoid high levels of fall out and manual processing. Checks exist to verify combinations are valid (as per MDD) therefore any deviation from valid combinations will result in additional exceptions and added work. Valid market domain combinations need to be a consideration. Also, there has been no mention of the potential impact of P280. If P280 is approved is all of this change required? Does a P280 CP need to be considered as well? If a customer requests a quote from a supplier, the information is based on the LLFC. However, is the MPAN is billed via the update to the DNO and not via the LLFC any quotes will be inaccurate? This could lead to customers receiving inaccurate quotes and could potentially be viewed as anticompetitive. How would a gaining supplier receive the DUoS information once the site has transferred? How can they put DUoS validation checks in place? The CoMC process should have a full end to end review across the BSC, MRA and DCUSA before large volumes of CoMC requests are processed. This should also include a review of issues with commercial interoperability.
Smartest Energy	N/A
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	N/A
SP Distribution/SP Manweb	None at this time.

SSE Energy Supply Ltd	N/A
UKPN	N/A
Question Eight	Please state any other comments or views on the Change Proposal.
British Gas	We have no further comments
ENWL	It must be remembered that this is placing an administrative burden on all parties due to the manual nature of this process. Some application changes may be required but the biggest unknown is the potential bow wave of requests to this arrangement once implemented which could be a serious issue for Distributors where their billing applications may not be able to cope.
GTC	<p>Comment</p> <p>We do not dispute the principle that</p> <ul style="list-style-type: none"> • use of system charges should be based on a customer's use of the distribution system and not on the mechanism by which energy is traded (i.e. through the HH market or the NHH market). • for given customer groups the charges (in aggregate) should not differ depending on the method of trading. <p>However, we do not think the intent of the proposal is to achieve either of these aims. We do not agree with the approach that customers transferred to half hourly tariffs from profile classes 5 to 8 should be treated any differently from other customers half hourly customers.</p> <p>To that end we cannot support the intent of this proposal "... to provide a mechanism whereby distribution businesses are able to charge the same Use of System charges for customers currently on profile classes 1 – 8 whose suppliers choose to transfer to measurement class E as those customers on Profile classes 1 – 8 and settled under measurement class A". This could result in undue cross subsidies between consumers and consumer groups. To support this intent would mean supporting unduly discriminatory treatment in favour of a sub class of HH users.</p> <p>If the proposer believes charges to this group of customers are "unfair" then we believe it is changes to the CDCM that the change proposal should address.</p>

	<p>We set out our reasoning below.</p> <ol style="list-style-type: none"> 1. However, the tariffs offered by distributors are determined through the CDCM methodology. The CDCM determines tariffs based on the average consumption for that group of customers. Currently the different groups of demand customers are: Domestic (profile classes 1 and 2) Small non-domestic (profile classes 3 and 4) Medium non-domestic (profile classes 5 to 8) Half-hourly. 2. The different tariff structures are in place for practical, pragmatic reasons. For HH customers greater granularity of consumption information is available on a site by site basis (as opposed to only aggregated KWh consumption being available for NHH customers). 3. Tariffs for different customer groups are based on the average costs incurred by the distributor in providing use of system to those customers. The consumption profile for individual customers will differ around this norm. It is not unreasonable to expect that whilst some customers with a given demand/consumption profile are better off on a HH tariff structure whilst others are not. This is just as true for customers with a maximum demand greater than 100kW (who do not have the choice to trade on medium non domestic uses of system tariffs). 4. Typically, Customers with a high load factor (the ratio of max capacity to consumption) will often benefit from a HH tariff whereas as customers with a low load profile will not. As a consequence, many well informed sub-100kW customers with high load factors will have previously migrated to HH trading because of the lower charges they will receive under that tariff. 5. The rationale that because profile 5 to 8 customers lose out by moving to a HH tariff provides sufficient justification not to apply the HH tariff structure appears fundamentally flawed. It is difficult to justify why this subset of HH customers should have different rights to other customers charged on a HH tariff structure. 6. The intent of this change proposal appears to be to transfer customers traded on NHH profiles 5 to 8 to be traded half hourly, but for the use of system charges to continue to be calculated on the medium non domestic tariff. We disagree that customers who transfer across to HH trading from profile classes 5 to 8 should be treated differently from existing HH customers with similar profiles. 7. In developing cost reflective tariffs to different customer groups the costs incurred by all customers in the relevant customer group need to be considered. To not do so will result in undue cross subsidies. The greater granularity of consumption information provided by HH tariffs better facilitates the production of more cost reflective tariffs which are more likely to give customers the right pricing message.
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	<p>8. However, if it is the proposer's contention that the charging methodology (the CDCM) underpinning these tariffs is not cost reflective then proposals should be brought forward to remedy this perceived failing (for example, if the contention is that the way costs are apportioned between capacity and unit rates are incorrect). However, we see nothing in the change proposal that challenges the cost reflectivity of the CDCM.</p> <p>9. For this CP to succeed the underlying presumption must be that charges levied under profile classes 5 to 8 are more cost reflective than those under HH tariffs and this presumption must be held to be true. This has not been demonstrated.</p> <p>Comments on legal drafting</p> <p>1. Clause 3.18</p> <p>1.1. The clause uses the term "Elective HH Metering arrangements". This uses capitalised words, however the term is not defined. I am not sure I understand what is meant by this. The term Elective implies choice. Is this so how does it differ from current arrangements.</p> <p>1.2. We disagree that it is for the User to provide an equivalent tariff. Use of system tariffs are provided by and applied by the distributor not the supplier. It is for the User to request, and for the Distributor to approve such request, where it is reasonable to do so. We think this is the case for ALL use of system tariffs</p> <p>1.3. We question why</p> <p>2. Clause 30.19.</p> <p>2.1. The Clause doesn't state who the user is to provide the information to</p> <p>2.2. Specifically, what information is to be provided and how?</p> <p>2.2.1. Not sure why the provision of information needs a different mechanism from that for other changes of measurement class etc.</p> <p>2.2.2. If information is to be provided then the data to be provided and the method for providing the information should be specified. We note that in the past the Event Log in DUOS agreements was discarded.</p> <p>3. Clause 30.20, Clause 30.21 and Clause 30.22</p> <p>3.1. These clauses work on the premise that the supplier chooses the use of system tariff.</p>
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	<p>We disagree. Whilst a supplier can request a tariff it is for the LDSO to approve/ reject.</p> <p>4. Clause 30.23</p> <p>4.1. Isn't the requirement under Clause 30.23.1 always the case? Why is it any different for this scenario?</p> <p>4.2. Similar to above; however, is the Domestic Unrestricted tariff the default tariff for all DNOs?</p> <p>5. Clause 30.24</p> <p>5.1. Not sure why specific arrangements are required for changes from an elective tariff as opposed to a change for any other arrangement</p>
Scottish Power	<p>We have concerns on the audit trail process surrounding the notification via email and believe a DTC flow should be used (even if sent via email) to allow some automation and controls.</p> <p>We have had to make a lot of assumptions in this response as the consultation document seems to a very high level summary.</p>
Smartest Energy	N/A
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution	N/A
SP Distribution/SP Manweb	We believe that the work being undertaken by other industry working groups (P280 and HH/NHH) will resolve the issue described in this change proposal.
SSE Energy Supply Ltd	We maintain our opposition to the change proposal for the reasons stated previously.
UKPN	N/A

