

## DCUSA CHANGE DECLARATION

## DCP 179 - Amending the CDCM Tariff Structure

VOTING END DATE: 8 September 2014

DCP 179 - Amending the CDCM Tariff Structure	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
<b>CHANGE SOLUTION</b>	Accept	Accept	Accept	n/a	n/a
<b>IMPLEMENTATION DATE</b>	Accept	Reject	Accept	n/a	n/a
<b>RECOMMENDATION</b>	<p><b>Change Solution – ACCEPT.</b> In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was more than 50% in all Categories.</p> <p><b>Implementation Date – REJECT.</b> In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in all Categories.</p>				
<b>PART ONE / PART TWO</b>	<b>Part One</b> – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
<b>DNO PARTIES</b>				
<b>Electricity North West Ltd</b>	Accept	Accept	We agree with the working groups view contained within the change report that this change proposal better meets DCUSA general objectives 1, 2 and 3 and charging objectives 2, 3 and 4.	<p>We believe that DCP 179 is an important change that will bring about tangible benefits for all our customers. The industry is investing a substantial amount of money installing half hourly metering and this change proposal will create tariffs that will enable a cost reflective price signal to be levied on customers who decide to move to half hourly settlement. We believe that this will result in customers moving their consumption away from peak and lead to lower reinforcement costs.</p> <p>This change proposal is closely linked to BSC change P300 as it requires the introduction of new measurement classes to enable the new tariffs to be settled. It is also linked to BSC change proposal P272 which requires profile class 5-8 customers to be settled half hourly. The implementation dates of all three change proposals are important to ensure a smooth transition to the use of the new tariffs. In particular, there needs to be a sufficient gap between the implementation of P300 and P272 to avoid the bulk migration of many customers over a short space of time. We believe that Ofgem should aim to make a decision on each change proposal which will allow the following implementation dates:</p>

				<p>DCP179 – Implementation - 1 April 2015</p> <p>P300 – Implementation - November 2015</p> <p>P272 – Implementation - 1 April 2016</p>
<b>Northern Powergrid</b> - Northern Electric Distribution Ltd	Accept	Accept	<p>Charging Objective 1: neutral</p> <p>Charging Objective 2: better facilitated – the improved definition of the boundaries of HH site specific, HH aggregated and NHH tariffs will make DUoS tariffs more predictable, further enabling competition.</p> <p>Charging Objective 3: better facilitated – this change is a step towards enabling HH settlement for domestic customers which will enable DUoS to be calculated based on more accurate actual data rather than profiled data.</p> <p>Charging Objective 4: better facilitated – as per objective 3, the removal of a barrier to HH settlement for domestic customers is a step forward in the development of mass smart meter use.</p>	<p>We support the introduction of a well-defined and unambiguous boundary between HH site specific settlement and NHH or HH aggregated settlement. We believe this change is a significant step forward and along with the new measurement classes (should P300 be approved) will facilitate both aggregate and site specific billing and improve the process of utilising HH data which will complement the smart meter rollout.</p> <p>We are happy with the proposed implementation date provided a decision is issued from Ofgem by around the end of October to give sufficient notice for the incorporation of the new model into charge setting.</p>
<b>Northern Powergrid</b> - Yorkshire Electricity Distribution plc	Accept	Accept	<p>Charging Objective 1: neutral</p> <p>Charging Objective 2: better facilitated – the improved definition of the boundaries of HH site specific, HH aggregated and NHH tariffs will make DUoS tariffs more predictable, further enabling competition.</p> <p>Charging Objective 3: better facilitated – this change is a step towards enabling HH settlement for domestic customers which will enable DUoS to be calculated based on more</p>	

			<p>accurate actual data rather than profiled data.</p> <p>Charging Objective 4: better facilitated – as per objective 3, the removal of a barrier to HH settlement for domestic customers is a step forward in the development of mass smart meter use.</p> <p>Charging Objective 5: neutral</p> <p>General Objective 1: better facilitated – the availability of HH aggregated data over NHH profiled data will provide DNOs with more accurate settlement data, enabling greater network efficiency.</p> <p>General Objective 2: better facilitated – the improved definition of the boundaries of HH site specific, HH aggregated and NHH tariffs will make DUoS tariffs more predictable, further enabling competition</p> <p>General Objectives 3-5: neutral</p>	
<b>Scottish Power - Manweb</b>	Accept	Accept	<p>We agree with the working group's review of the objectives such that this CP facilitates:</p> <p>Charging objectives: 2,3,4</p> <p>General objectives: 1,2,3</p>	n/a
<b>Scottish Power - Distribution</b>	Accept	Accept		
<b>SSE - Scottish Hydro-Electric Power Distribution plc</b>	Accept	Reject	<p>We agree with the Working Group analysis as set out in the Change Report.</p>	<p>We entirely support this CP but, In line with a significant number of consultation respondents, we believe that the implementation date proposed for this CP is inappropriate and unjustifiably early. This CP, if approved, would result in significant implementation challenges, for example (but not limited to) DUoS billing system issues and</p>
<b>SSE - Southern Electric Power Distribution plc</b>	Accept	Reject		

				<p>the extent of customer engagement on chargeable capacity / connection agreement issues.</p> <p>As the Authority decision on the CP is unlikely to be issued any earlier than mid October 2014, April 2015 implementation is overly ambitious and pressurising, particularly given the range of multiple and complex DCUSA changes which may require simultaneous implementation for that date.</p> <p>There are in any event very sound arguments to suggest that a more appropriate implementation date would recognise the dependency on P300. We therefore suggest that the DCP179 implementation date should align with the expected implementation date of P300 and not seek to apply an earlier date which is likely to place some DCUSA parties in difficulties.</p>
<b>UKPN - Eastern Power Networks</b>	Accept	Accept	We believe that General Objective One and Charging Objective Two are both better facilitated as a result of this change by removing the differential in the tariff calculation for Customers who move from NHH to HH Settlement.	
<b>UKPN - London Power Networks</b>	Accept	Accept		
<b>UKPN - South Eastern Power Networks</b>	Accept	Accept		
<b>Western Power Distribution - East Midlands plc</b>	Accept	Accept	N/A	This is a necessary change to facilitate BSC272 and the introduction of smart metering.
<b>Western Power Distribution -</b>	Accept	Accept		

South Wales plc				
<b>Western Power Distribution - South West plc</b>	Accept	Accept		
<b>Western Power Distribution - West Midlands plc</b>	Accept	Accept		
<b>IDNO PARTIES</b>				
<b>ESP Electricity Ltd</b>	Accept	Reject – we do not believe that P300 will be finalised in time for April 2015 tariffs. April 2016 would have been more appropriate. As the supplier will be leading the change over to the new MCs, the implementation date will be led by them.	<p>General Obj 1 as it incentivises the customer to be choose the appropriate tariff.</p> <p>General Obj 2 as it introduces a more transparent pricing structure.</p> <p>General Obj 3 as the distributors have a licence condition to annually review their charging methodologies and improve where possible.Charging</p> <p>Objective 2 as it encourages the supplier/customer to apply for a more suitable tariff structure.</p> <p>Charging Obj 3 as it improves the consistency of the application of UoS Charges between the NHH and HH.</p> <p>Charging Obj 4 as it removes the price barrier and incentive for customers to trade HH.</p>	None
<b>GTC</b>	Accept	Accept	n/a	n/a

SUPPLIER PARTIES				
<b>British Gas</b>	Reject	Accept	<p><b>Charging and General Objective 2: It has not been demonstrated that the CP better meets Charging and General Objective Two</b></p> <p>The Change Report states that the CP better meets Charging and General Objective Two by reducing the differential between the non half hourly (NHH) and half hourly (HH) tariffs and encouraging customers and suppliers to choose the appropriate settlement approach. However the Change Report has not demonstrated this to be the case. In the case of PC5-8 customers there is a large impact on DUoS charges upon moving from NHH settlement (NHH PC5-8) to the proposed HH settlement (aggregated HH tariff) (a range of +12% to -31% for an average customer). It has not been shown whether these differentials are reduced compared to moving from NHH settlement (NHH PC5-8) to the existing HH settlement (LV HH tariff).</p> <p><b>Charging Objective 3: It has not been demonstrated that the CP better meets Charging Objective Three.</b></p> <p>The Change Report states that the CP better meets this objective by ensuring consistency of Use of System charges across non half hourly and half hourly tariffs and thereby enabling a transparent and predictable</p>	n/a

			<p>pricing structure. However again the Change Report has not demonstrated this to be the case.</p> <p>The proposal for whole current (WC) metered PC5-8 customers is to use an aggregated HH tariff derived using PC3-4 tariffs. PC 5-8 customers are much larger and display significantly different load characteristics compared to PC3-4 customers (based on current CDCM data inputs) and the Change Report does not demonstrate why this is appropriate or more cost reflective. The Change Report acknowledges, at paragraph 7.50, that PC 5-8 may experience some reduction in cost reflectivity during the migration period of everyone moving to HH settlement (a period of up to six years). It is also not obvious why this approach would ensure consistency across NHH and HH tariffs when the HH tariffs applicable to WC PC5-8 customers are derived by reference to the PC3-4 NHH tariffs.</p> <p>We also note that the additional correction factor applied to the aggregated HH tariffs to ensure they are equalised with the relevant set of NHH tariffs introduces a new inconsistency between how existing multi-rate tariffs (NHH and HH) are calculated compared to how the new aggregated HH tariffs are calculated. The justification for this included within the Change Report is that this is an interim measure, but an interim</p>	
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			<p>measure of up to six years.</p> <p>We are also concerned that this CP will significantly increase the potential detrimental impact of the current method of scaling revenue within the CDCM. Whilst it is appropriate for all HH customers to have three unit rates, as this should encourage efficient use of the network, the current method of CDCM scaling significantly distorts the red timeband rates, exaggerating the cost differential between the peak timeband and the other time bands. This could lead to uneconomic decisions and an inefficient use of the network. The most economic outcome will only be realised if the increase in peak timeband cost is reflective of the cost differential between using the network at peak times compared to other times. Introducing time of use of tariffs with peak timeband charges that are not cost-reflective is unlikely to deliver the most economic outcome and cannot be assumed to reduce reinforcement costs (and may instead drive reinforcement).</p> <p><b>Charging Objective Four:</b></p> <p><b>We are unable to conclude whether the CP better meets Charging Objective Four.</b></p> <p>The Change Report states that the CP better meets Charging Objective Four by facilitating the industry requirement to remove the price</p>	
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			<p>barrier for customers to trade on a half hourly basis. In respect of domestic and small non domestic customer (PC1-4) the CP would appear to remove the structural price barrier for customers to trade on a half hourly basis, as the new HH tariffs are based on data relating to PC1-4 customers, and so could better facilitate charging objective 4. However for PC5-8 customers this is not necessarily the case as the new tariffs are not based on data relevant to PC5-8 customers (instead based on PC3-4), and may create greater barriers, and so we are unable to conclude whether the CP better meets Charging Objective Four.</p>	
<b>RWEpower</b>	Accept	Accept	<p>Although we accept the change it is difficult to justify it against the relevant DCUSA objectives as it is an enabler for changes in other codes. It loosely improves General Objective 4 in terms of allowing DCUSA to facilitate other relevant regulatory change. It also could be argued to contribute to customer choice and may improve competition, however, we do not feel that this is a well supported position.</p>	None
<b>Scottish Power Energy Retail Ltd</b>	Accept	Accept	<p><b><u>Rationale for better facilitation of DCUSA Charging Objectives 2, 3 &amp; 4</u></b></p> <p>Seeks to address inconsistency issues and barriers between NHH and HH settled customers. Differences in tariff structures currently exist and potentially create</p>	n/a

		<p>cost/price barriers to NHH customers wishing to settle HH &amp; post SMART. These price barriers will diminish as a result of the creation of new tariffs that effectively remove capacity elements of the DUOS charge in newly created alternative tariffs which provide options to customers wishing to settle Half Hourly (but not site specifically)</p> <p>This also provides greater consistency, transparency and cost reflectivity between NHH and HH tariffs. Additionally customers are categorised (for charging purposes) more accurately based on the type of metering installed as opposed to Profile Class</p> <p><b><u>Rationale for better facilitation of General Objectives 1 &amp; 2</u></b></p> <p>General objective are better facilitated by the removal of the barriers mentioned above which enable and encourage customers to make to select a HH settled tariff which benefits Settlements in terms of improved Settlement accuracy</p> <p>Transparency in pricing enables accurate settlement</p> <p>Demonstrates that Distributors have reviewed the charging methodology and implemented relevant improvements in</p>	
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<p><b>SSE Energy Supply Ltd</b></p>	<p>Accept - but with the reservations outlined</p>	<p>Accept</p>	<p>response to changes in technology (SMART)</p> <p>We agree with the reasons given in the consultation document.</p>	<p>(i) Without knowing the impact of this price change, and the imposition of Available Capacity charges for those CT connected, we remain concerned that significant number of Profile Classes 5 - 8 customers are likely to be subject to a price increase. We are not convinced that the Change Proposal has adequately addressed this issue.</p> <p>(ii) Re. Available Capacities. We are concerned about the process described on page 34 of the consultation document where a customer's Available Capacity (kVA) is estimated by the distributor. The customer billing systems might not cope well with an estimated Available Capacity which is updated monthly. We would prefer the Available Capacity to be a static figure, possibly based on the size of the installed CT's. We are anxious that the figure should be made available to the Supplier in sufficient time for the customer's bills to be issued. We are also concerned that some customers may complain as this is not the traditional way of applying these charges.</p> <p>(iii) We remain concerned that a number</p>
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				of Non Half Hourly Customers' meter status are not known (Whole Current or CT), and the majority of those known to be CT metered do not have a current Authorised Supply Capacity with the DNO. This could act as a barrier to these customers electing to move to Half Hourly Settlement under these proposed arrangements.
<b>EDF Energy</b>	Accept	Reject	DCUSA Charging objectives 2,3 and 4 are better facilitated by this changes allowing the DNOs to offer cost reflective tariffs in the implementation of smart metering for all customers.	As DCP179 requires P300 to be implemented it would be better if the implementation dates were aligned. From a business perspective we would prefer them both to be implemented on the 1st April 2016.
<b>Haven Power</b>	Reject	Reject	n/a	<p>We remain unhappy about the process of liaising with customers to agree a supply capacity and are unsure how this will work within the timescale that has been put forward by this CP.</p> <p>In many cases the DNO will be uncertain about the capacity that the service arrangements in these premises can support. Customers will have little or no basis without advice about what capacity they need (or indeed have historically paid for) and this would be a recipe for disaster.</p> <p>In addition, we do not want this change to cause price disturbance for our customers. There is a big step in DUoS charges for this group and they would need a long notice</p>

				period of the change.
<b>GDF Suez</b>	Reject	Reject	n/a	This DCP involves costs for system changes and a pressured April 2015 deadline. We also feel that the de-linking issue would have been better resolved prior to the release as it now means DCP179 could go live with the de-linking problems still needing to be fixed.
<b>DISTRIBUTED GENERATOR PARTIES</b>				
N/A				
<b>GAS SUPPLIER PARTIES</b>				
N/A				