

DCP 160 NHH Notional Capacity Communication

Claire / DCP160 Working Group

Following the discussions at the last WG meeting, it appeared that the change for NHH Notional Capacity (DCP160) was not supported by all, and in fact some parties felt that the suggested approach was either not required following other recent changes to DCUSA or that this approach was not the best way of addressing the issue.

As UK Power Networks were the proposer of this change I took away the action to consider whether we would be comfortable to now withdraw the change or whether we wanted to take it further. We have discussed it internally at length and have now agreed that we would like to take the change forward and to look to obtain a model which would allow parties to see the impact which this proposed change would have upon charges.

We believe that the proposal as detailed under DCP160 to align capacity to NHH customers using the same proportions as applies to HH customers remains appropriate. At the current time a NHH customer does not pay the same proportional amount of the cost which a HH Customer does for the capacity which they require on the network. Whereas a HH Customer has to pay for an agreed amount of capacity through a separate charge whereas a NHH Customer does not, however a NHH customer still has the ability to be able to utilise the capacity which they require (even for example following installation of additional load), as a result we believe that this needs to be addressed so that all customers (NHH and HH) pay a fair proportion of the cost, and that this approach is consistently applied.

We have considered this against the Charging and DCUSA objectives and believe that this change would better facilitate Charging Objective 2, in that a Customer who moves from NHH to HH (or HH to NHH) will at the current time see a step change in the calculation of their charge, which could have an impact upon competition, and distort it. We also believe that General Objective 1 would be better facilitated as this change should result in more efficient networks, as costs would be more fairly recovered.

As a result I believe that a further meeting to look to agree a way of progressing this change is required, with the aim of agreeing changes required to the CDCM model, for which the actual approach and the impact upon charges can be consulted upon.

I am aware that these views might not be shared by all WG members, but trust you can understand the reasons for wanting to progress this change further through the process and subsequently remove the unjustifiable step change in charges between NHH and HH customers.

I am on leave next week, but it would be useful to consider whether we could have a meeting around the middle of June to progress this change.

Regards,

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