



DCUSA Change Report

DCP 158 - DNO DUoS re EDNOs

1 PURPOSE

- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 158 – DNO DUoS re EDNOs (Attachment 3).
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the form attached as Attachment 1 to dcusa@electralink.co.uk no later than 20 December 2013.
- 1.4 Although the proposer used the term “EDNO” meaning Exempt Distribution Network Operator in the title of the change, this term is used for other purposes within DCUSA. As a result licence Exempt Distribution Network Operators are known within this document as Private Network Operators or PNOs except where the CP is referenced.
- 1.5 Also note that LDNO refers to a Licensed Distribution Network Operator of which there are two types. Distribution Network Operators (DNO) which are the 14 ex-Public Electricity Supply companies most usually operating in defined regional territories, and Independent Distribution Network Operators (IDNO) which are also licensed but operate anywhere in the country.
- 1.6 Please note that the use of the term *Non-Settlement MPAN* replaces the use of the terms *Gross MPAN* and *DMAN* referred to in the subsidiary documents to this Change Report. The terms *Non-Settlement MPAN*, *Gross MPAN* and *DMAN* refer to entry points and exit points where difference metering occurs. The proposed *Non-Settlement MPAN* is similar to the MPAN in its structure with the first two digits identifying the distributor.

2 EXECUTIVE SUMMARY

- 2.1 DCP 158 was raised by Eastern Power Networks on the 30 November 2012 to standardise the DNO DUoS charging arrangements in the scenario where a customer within a Licence Exempt Distribution Network chooses to change Supplier and the Difference Metering solution is adopted for settlement. Over a period of one year the DCP 158 Working Group met seven times and issued two consultations.

- 2.2 The first consultation considered two different types of solutions which were originally considered in the Energy Networks Association (ENA)'s 'Third Party Access Paper' on boundary charging solutions or customer charging solutions but represented in this paper as Solution 1 and Solution 2. Solution 1 was further developed to contain four options with different grades of complexity and cost. The Working Group considered both solutions and agreed to proceed with Solution 1 Option 2 to create a non-settlements (pseudo) MPAN in respect of the boundary and place an obligation via the Supplier for the Data Collector to send a D0036¹ or D0275² quoting this reference and containing gross metered data. Option 2 is a least cost solution which allows for a robust process to be put in place and recognises the low level of customers choosing to change Supplier under these industry arrangements.
- 2.3 A second consultation was issued in order to progress the change and seek industry parties' views on the draft legal text. One Working Group member chose to raise an alternate proposal DCP 158A on Solution 2. The majority of the Working Group supports Solution 1 Option 2.

3 BACKGROUND

- 3.1 DCP 158 was raised by UK Power Networks on the 30 November 2012 following changes in legislation in Europe (Citiworks ruling) and in the U.K. (Electricity and Gas (Internal markets) Regulations 2011). The ENA issued a consultation which led to the Third Party Access Paper seeking direction from Ofgem. This change raises one of the solutions proposed in the Third Party Access paper DCP 158 'DNO DUoS re EDNOs' in order to codify a solution for DUoS charging.

<u>Date</u>	<u>Legislation</u>	<u>Progression</u>
May 2008	<u>Citiworks Ruling</u>	The European Court of Justice's (ECJ) ruling in Citiworks AG1 ('Citiworks') clarified that the requirement to provide for third party access applied in respect of all transmission and distribution systems, irrespective of size, and that it was not open to Member States to exempt certain types of transmission or distribution systems from the requirement. This drew the attention of British regulators to the gap in current industry

¹ Validated Half Hourly Advances for Inclusion in Aggregated Supplier Matrix

² Validated Half Hourly Advances

		<p>arrangements.</p> <p>The complaint in the Citiworks case had been brought by an electricity Supplier seeking to compete with a monopoly Supplier at Leipzig airport. The ECJ ruled that the German law which exempted the owners of certain systems from the requirement to provide third party access contravened the requirement to provide for third party access to distribution systems. The judgment made it clear that, unless a specific derogation had been granted under the Directive, all distribution networks must be open to third party access so that customers connected to those networks have the Option to choose their own electricity and gas Suppliers. These third party access provisions are currently part of the directives under the Third EU Energy Package.</p>
2011	<u>Electricity and Gas (internal markets) Regulations 2011</u>	<p>The Electricity and Gas (Internal Markets) Regulations 2011 introduced new obligations on PNOs and supply undertakings, including a duty to facilitate third party access to their electricity and gas networks. The Regulations set out separate obligations for PNOs and Suppliers. Third party access gives electricity and gas customers the right to choose from whom they receive a supply of electricity and/or gas.</p> <p>Since the introduction of Electricity and Gas (Internal Markets) Regulations certain customers that are:</p> <ul style="list-style-type: none"> • not directly connected to licensed distributors' networks; and • subject to certain exemptions, <p>are entitled to request an MPAN so that they can trade electricity with any participating Suppliers.</p>
2012	<u>Third Party Access Paper (ENA Work)</u>	<p>A Working Group was convened to discuss the issue of DUoS charging under the ENA and proposed two solutions in its Third Party Access paper to Ofgem. Ofgem provided guidance to industry parties by advising "The 'Boundary Charging' Option requires the full DUoS to be passed through by the exemption network operators while the 'Customer Charging' model requires some elements (losses and reactive power) of the DUoS</p>

		charge to be passed through. We are not clear that the provisions under schedule 2ZA provide for the exempt network operators to pass DUoS or an element of the DNOs charges through to the final customer taking a third party supply".
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CURRENT OBLIGATIONS ON THE DIFFERENT DCUSA PARTIES

Obligations on DNOs

3.2 All relevant customers are entitled to request a MPAN and the LDNOs have relevant obligations to provide both MPANs and offer Metering Point Administration Services (MPAS) within their Distribution Services Areas.

3.3 Standard Licence Condition (SLC) 17.1 states:

"On application made by any Electricity Supplier in relation to any premises connected to the licensee's Distribution System, the licensee must (subject to paragraph 17.5) offer to enter into an agreement for the provision of Metering Point Administration Services".

3.4 Whereas SLC 18.3 states:

"If the licensee is a Distribution Services Provider, it must ensure that Metering Point Administration Services are able to be provided, where so requested, in respect of all premises connected to any Distribution System other than the licensee's within the Distribution Services Area."

Obligations on Suppliers

3.5 Suppliers have no obligation to offer terms for supply to customers on private network sites. However where a Supplier opts to do so, unless all customers are competitively supplied, it is required to facilitate the Difference Metering solution in line with the requirements of the Balancing & Settlements Code (BSC) and any relevant regulations. In addition the relevant regulations state that the Supplier must ensure that it can supply electricity across a private network.

3.6 As a separate matter Suppliers should familiarise themselves with any commercial arrangements that may apply on a site specific basis.

Obligations on PNOs

- 3.7 If PNOs choose to charge for the use of their network, they are required to submit a use of system charging methodology to the Authority for approval. However, this is not required to be linked to the LDNO's charging methodology or reflect items within it. The PNO's methodology must be fair, equitable and cost reflective.

Obligations on IDNOs

- 3.8 Whilst all customers are entitled to request a MPAN, not all Distributors are obliged to provide a MPAN. IDNOs are not Distribution Services Providers and so SLC 18.3 above does not apply. So IDNOs are not obliged to offer MPAS in respect of distribution systems other than their own.

Current Arrangements

- 3.9 If no customer within a private network has chosen a Supplier, LDNOs charge for DUoS at the boundary of the private network using gross data via D0036 or D0275 flows. However, where a customer on a private network requests a MPAN, and agrees a contract with a Supplier of their choice, a BSC Settlement Metering System will be established for that customer which may be part of a Difference Metering solution under the requirements of Balancing and Settlement Code Procedure (BSCP)514³. As a consequence the LDNO will no longer receive gross metering data in respect of consumption measured at the boundary with the private network and will instead receive net data for the boundary point (the difference between the total recorded consumption on the boundary meter and the sum of the recorded consumption at each of the embedded settlement metering points), together with the meter readings for each of the embedded customers.

³ SVA Meter Operations for Metering Systems registered in SMRS

4 INTENT OF DCP 158 'DNOs DUoS re EDNOs'

- 4.1 DCP 158 has been raised by UK Power Networks and seeks to standardise the LDNO Distribution Use of System (DUoS) charging arrangements where a customer within a PNO requests a Meter Point Administration Number (MPAN) in order to choose a Supplier and the Difference Metering solution is adopted for settlement. The change is to facilitate such arrangements by making the allocation of energy between the boundary MPAN and the embedded customer MPAN transparent to all affected Parties.

5 DCP 158 WORKING GROUP

- 5.1 The DCUSA Panel established a Working Group to assess DCP 158. The Working Group met on seven occasions and was comprised of Supplier, Distributor, IDNO, PNO, Customer, BSC, MRA and Ofgem representatives.
- 5.2 Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 5.3 All Working Group members were supportive of the general principle of DCP 158.
- 5.4 There were two solutions identified under the BSC for how the energy consumed or produced within the private network could be measured to ensure integrity of the total metered volume. These are either Difference Metering or Full Settlement metering. This CP focuses on the approach for Difference Metering.
- 5.5 DUoS billing and formal data provision arrangements currently in place may not be sufficient for Difference Metered private networks. The intent of the CP is to standardise DUoS charging arrangements where:
- a customer is connected to a private network;
 - the customer has an MPAN; and
 - a Difference Metering solution is used.

- 5.6 The initial DCP 158 change proposes a single method of DUoS charging (difference metering) and considered three Options to facilitate it (Options 1-3). A fourth Option was raised during the Working Group analysis of DCP 158. Solution 2 was raised by one Working Group member which had also been proposed in the ENA Third Party Access Paper. The solutions considered are outlined below.

SOLUTION 1

- 5.7 Solution 1 attempts to maintain the position whereby the LDNO charges DUoS to the Supplier of the boundary metering point based on the flow of electricity through it. Under this proposal the LDNO would continue to charge DUoS to the registered Supplier at the boundary of the private network (the Boundary Supplier). The Boundary Supplier will charge the private network under its supply contract.
- 5.8 The PNO may charge DUoS to the end customer's registered Supplier (Third Party Supplier) in accordance with its approved methodology where appropriate.
- 5.9 The Third Party Supplier will charge the end customer in line with its supply contract.
- 5.10 The DCP 158 Working Group proposes that no separate charges are applied by the LDNO to the PNO or Third Party Supplier for the provision of MPAS services given that the number of customers with MPANs within private networks may be relatively small. This arrangement may need reviewing if take up of MPAS for private network sites becomes significant.

OPTIONS FOR IDENTIFYING GROSS DATA AT THE BOUNDARY

- 5.11 The Working Group identified the following Options for establishing the provision of gross data where the Difference Metering solution exists.

Options	Advantages	Disadvantages	Cost
Option 1 LDNO sums the net boundary data and the embedded customer data that is received via existing data flows.	Uses existing data	There are problems with the Reactive Power data, as the sum is unlikely to reflect the correct Power Factor at the boundary metering.	Low cost to implement if it is a manual process, but expensive to run. If facilitated via the billing system it

		<p>It could incorrectly reflect the demand at the boundary and thus the excess capacity charge.</p> <p>The LDNO is using data owned by one Supplier to charge another.</p> <p>The LDNO has no current audit trail for the data if the summing is done manually.</p> <p>It will be labour intensive dependent on the volume of customers.</p> <p>The Boundary Supplier cannot validate the charge.</p>	<p>may require costly changes, but would be inexpensive to run.</p>
<p>Option 2</p> <p>Create a non-settlements (pseudo) MPAN in respect of the boundary and place an obligation via the Supplier for the Data Collector to send a D0036 or D0275 quoting this reference and containing gross metered data.</p>	<p>The LDNO and the Supplier would receive two data sets for the boundary but each would quote a different MPAN and so be identifiable.</p> <p>The gross data will have been obtained as part of the differencing process and must include reactive data. DUoS would then be charged in respect of the pseudo MPAN.</p>	<p>A pseudo MPAN will have to be created outside of MPAS so lacks visibility.</p> <p>There may be difficulties in replicating arrangements on Change of Supplier and Change of Agent.</p>	<p>Medium cost to implement but inexpensive to run.</p>
<p>Option 3</p> <p>Introduce two new additional data flows,</p>	<p>It is all done within MPAS and the Change of Supplier and</p>	<p>This Option may be costly to introduce, given the small number of private</p>	<p>High cost to implement, but inexpensive to run.</p>

being copies of the D0036 and D0275, which would be used to send gross boundary data where Difference Metering exists, using the settlements MPAN for the boundary (there would be no pseudo MPAN in this solution).	<p>Change of Agent processes have visibility.</p> <p>This Option is robust and is an enduring solution.</p>	network sites trading under Difference Metering	Likely to be the most costly due to changes to the LDNO billing systems, introducing new flows, amending the BSC Procedures, changes to Data Collector systems, and the Master Registration Agreement.
<p>Option 4</p> <p>The Data Collector sends the gross data in a spreadsheet to the LDNO and Supplier using the settlements format, i.e. it sends the data on a spreadsheet before complex mapping has taken place so it will be gross data.</p>	Allows the LDNO to bill DUoS charges without the need to pre-process the data received.	<p>There is no current audit trail and an audit trail would need to be developed. It will be labour intensive dependent on the volume of customers.</p> <p>Potential to be prone to errors.</p> <p>There will be a British Summer Time issue on the D0275 as the flow will be one hour out during this time.</p>	Likely to be inexpensive to implement but costly to run.

IDENTIFY RELEVANT MPANS

5.12 Currently the BSC requires that Meter Timeswitch Class (MTC) 997 is allocated to the MPANs within the private network.

5.13 The Working Group proposes that a single unique MTC (for example 996) is always used to identify boundary MPANs associated with third party private networks where the Difference Metering solution is being applied.

5.14 In order to identify the relationship between the MPANs within a private network and their associated boundary MPAN, the Working Group proposes utilising the first line of the address (which is a free text field per Master Registration

Agreement (MRA) Agreed Procedure 09⁴) for all MPANs associated with a particular site.

- 5.15 The Working Group discussed the use of the D0036 or D0275 to provide gross boundary data quoting pseudo MPANs. A question was raised as to whether there were any issues with this particularly because the D0036 makes reference to Settlement Date whereas the data would not be Settlement Data. The Working Group considered this to not be an issue as it refers to a date and not specifically a settlement date.

IMPACTS ON OTHER INDUSTRY CODES FROM DCP 158 AS PROPOSED (i.e. Boundary Solution)

- 5.16 Based on the CP and the Options identified the following impacts on other Codes have been identified:

Code/Agreement	Potential changes
MRA	Two new data flows may need to be introduced based on the same structure as the D0036/D0275.
	MAP09 change to the address population for the free text line.
BSC	HHDC BSCP ⁵ change or bi-lateral arrangements to be put in place for the processes and sending of the two new flows.
	HHDC BSCP review to consider Change of Agent, Change of Supplier and Change of Tenancy scenarios.
	MDD ⁶ process to be used to adopt and/or create new MTC.

⁴ Standard Address Format and Guidance Notes for Address Maintenance

⁵ Half Hourly Data Collector Balancing and Settlement Code Procedure

⁶ Market Domain Data

SOLUTION 2

- 5.17 DCP 158 as proposed suggested that DUoS should be charged at the boundary of the PNO site. An alternative solution has also been considered whereby some DUoS would be charged at the boundary of the PNO site and some DUoS would be charged by the LDNO in relation to the embedded MPANS i.e. the LDNO would charge DUoS to the Supplier(s) of the customers within the private network. It should be noted that the alternative solution would have the LDNO charging DUoS in relation to metering points that are not directly connected to the LDNO's network although such MPANs would have been generated by the LDNO.
- 5.18 The majority of the Working Group support Solution 1 with one member preferring Solution 2. The Working Group agreed to consult on both solutions by majority vote.
- 5.19 In terms of DUoS charging, under Solution 2 the LDNO would apply the DUoS charges that would otherwise have applied at the boundary to the Suppliers for both the private network connection and for those customers connected within the private network. This ensures that the LDNO only recovers costs associated with its network and not that of the private network.
- 5.20 The metering data used for charging is based on the net Difference Metering at the boundary and the actual consumption values received from each MPAN within the private network. This ensures that the data used is the same as that which is processed by the HHDC and sent to the HHDA, Supplier and LDNO. This means that the existing processing of data is maintained with no changes required to existing processes, and the data can be validated.
- 5.21 The issue with this approach is that reactive charges and excess capacity charges would not be accurate if taken from the provided meter readings. Options for dealing with this issue are covered later in this section.
- 5.22 Where the PNO is on a CDCM tariff, the tariff structure proposed to be applied in respect of the boundary data and the embedded customer data is as identified below:

CDCM Tariff Component	LDNO/PNO Boundary	End Customers
Unit Rate 1	Normal	Normal
Unit Rate 2	Normal	Normal

Unit Rate 3	Normal	Normal
Fixed Charge	Normal	Zero/Smaller
Capacity Charge	Normal	Zero
Reactive Charge	Normal	Zero
Excess Capacity Charge	Normal	Zero

5.23 Where the PNO is on an EDCM tariff, the tariff structure proposed to be applied is as identified below:

EDCM Tariff Component	LDNO/ PNO Boundary	End Customers
Super Red Rate	Normal	Normal
Fixed Charge	Normal	Zero/Smaller
Capacity Charge	Normal	Zero
Excess Capacity Charge	Normal	Zero

5.24 In order to calculate excess capacity charges and reactive charges in respect of the boundary, some form of periodic reconciliation would have to be performed and that would require gross data in respect of the boundary.

5.25 The reasoning for gross boundary data still being required is exactly the same as for the Boundary Solution in that billing using the settlements data will not provide a true representation of the data actually going through the boundary meter and therefore that data cannot be used to accurately calculate the capacity and reactive charges correctly.

5.26 The volumes of customers currently wishing to exercise their right to choose a Supplier is low and the LDNO will be recovering the agreed capacity. There is an open issue on how and when to reconcile the excess capacity and reactive charges. This could be done on a monthly or annual basis or not at all. The solution is supportive of the HHDC sending the data by spreadsheet as per Option 4 in the table in Section 5, in the short term.

5.27 The enduring solution for provision of gross data is covered by Section 5 Option 3 and could still apply to this Solution by billing at the boundary based on the

new flows and at the embedded Metering Points based on the metering data received on the existing flows (D0036 and D0275).

ADVANTAGES AND DISADVANTAGES OF THE TWO SOLUTIONS CONSIDERED DURING THE CP'S ANALYSIS

Name	Pros	Cons
Gross boundary charging	<p>Charging is in respect of the LDNO's customer.</p> <p>All the elements of the DUoS charge can be charged.</p>	<p>It requires a solution for data provision.</p> <p>The Boundary Supplier needs to be able to pass through gross DUoS to its customer i.e. PNO.</p> <p>The LDNO must ensure that the inset MPAN is not charged DUoS.</p>
Mix of boundary and customer charging	<p>Close to the full settlement solution and so makes the transition to that arrangement easier.</p> <p>The LDNO element of DUoS is transparent to the inset Supplier.</p> <p>The LDNO already receives the data.</p>	<p>More invoices being raised.</p> <p>It does not charge excess capacity or reactive without some reconciliation to gross data (which would need a solution to sending).</p> <p>Would require the inset MPAN to have a different LLF class to the boundary MPAN.</p> <p>The inset Supplier may end up with three different types of DUoS bills (LDNO charge, PNO charge and the PNO's pass on of the LDNO's annual reconciliation of capacity and reactive charges) if an annual</p>

		<p>reconciliation takes place.</p> <p>The PNO may need to pass on the annual reconciliation charge to those customers who are not taking a competitive supply.</p> <p>Complicated management of capacity data on inset customers.</p>
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POTENTIAL SAFETY AND OTHER ISSUES

5.28 The lack of any visibility of the gross data at the boundary also means that the LDNO may not be able to identify when the load at the boundary is being exceeded, either the Maximum Import Capacity or Maximum Export Capacity, or whether there is breach of any other terms of the connection agreement, such as Power Factor, and physical electrical rating of the boundary equipment.

6 DCP 158 CONSULTATION ONE

6.1 The Working Group carried out a Consultation to give DCUSA Parties and other interested organisations (Attachment 4) an opportunity to review and comment on DCP 158. There were thirteen responses received to the consultation. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Attachment 4. A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1: Do you understand the intent of the CP?

Respondent Party Type	Yes	No	Undecided
DNOs	6	0	0
Suppliers	4	0	0
IDNO	0	0	0
Customer/PNO	2	0	0
Other	1	0	0

6.2 The Working Group noted that all respondents understood the intent of the CP.

Question 2: Do you agree with the principles of DCP 158?

Respondent Party Type	Yes	No	Undecided
DNOs	6	0	0
Suppliers	3	1	0
IDNO	0	0	0
Customer/PNO	2	0	0
Other	1	0	0

6.3 Twelve out of thirteen of the respondents were supportive of the principles of the change.

6.4 One of the thirteen respondents was not supportive of the principles of the change. The respondent stated that they did *"not agree with the principle of a gross boundary data solution where difference metering is used for an mpan within a private network"*. However, the respondent did propose a separate solution at question 22 to this consultation which was a net metering solution. The Working Group responded to this solution at question 22.

Question 3: Do you believe that you are or may be affected by competition in supply on private networks?

Respondent Party Type	Yes	No	Undecided
DNOs	6	0	0
Suppliers	3	0	0
IDNO	0	0	0
Customer/PNO	2	0	0
Other	0	0	1

6.5 There were twelve respondents to this question. Ten of those respondents answered yes to this question. One respondent advised that *"we are affected in that the current industry processes mean that the true value of the Import or Export Capacity and reactive consumption is unknown at the boundary of connection with our network as a consequence of difference metering"*.

6.6 One Supplier respondent advised that they were affected by competition in supply on private networks as a *"third party" Supplier or potentially as a "boundary Supplier"*. One DNO respondent noted that there are private networks in its two licenced areas. Two respondents noted that they are in fact a private network and therefore would be affected by competition in supply on private networks.

- 6.7 One respondent did not express an opinion as they advised that this question was not applicable to them.

Question 4: Do you have a clear preference for the Solution 1, as formally proposed in DCP 158 (billing at the boundary) and if so why?

Respondent Party Type	Yes	No	Undecided
DNOs	5	1	0
Suppliers	3	1	0
IDNO	0	0	0
Customer/PNO	2	0	0
Other	0	0	1

- 6.8 There were thirteen respondents to this question. Ten respondents had a preference for Solution 1. Those respondents who were in favour of Solution 1 pointed out that it was the cleanest solution presented in the consultation and maintains clarity in the role of each industry participant and the electrical boundary between parties.
- 6.9 One Supplier advised that it is a solution they currently have in place *"in the third party access situation we currently supply and is a pragmatically simple solution, as we receive only one use of system bill (from the Private Network Operator) for the embedded customer, which incorporates both the DUoS (to the boundary) and 'PNUoS' "*. Another Supplier also noted that this was a process that they had in place with two LDNOs.
- 6.10 One PNO noted that Solution 1 was the *"Most cost effective and efficient to continue to pass all the DNO charges on to the PNO at the boundary where the PNO has to have an approved charging methodology by Ofgem to pass through their costs to the customer fairly and proportionately. Since we have to do this anyway there is no added process or complexity other than the aggregation of capacity by the DA/DC which is the most basic of changes in comparison to the alternatives proposed"*.
- 6.11 Two respondents did not agree with Solution 1. One of these respondents did not provide any reason for why they disagreed with Solution one.
- 6.12 The other respondent advised that they did not believe that the boundary Supplier should pay for the transportation of energy it was not responsible for. The respondent also noted that they will not be able to validate DUoS charges which they believe will lead to disputes. Furthermore, they considered the

boundary solutions to be a high cost solution to implement for such a small contained issue. The respondent pointed out that they had provided an alternative solution in answer to question 22 of the consultation which the Working Group responded to in section 6.

- 6.13 One respondent chose not to provide a preference but advised that Solution 1 provided fewer complexities than some of the other solutions for affected parties.

Question 5: Do you have a clear preference for the Solution 2 (billing in relation to end users) and if so why?

Respondent Party Type	Yes	No	Undecided
DNOs	1	5	0
Suppliers	1	4	0
IDNO	0	0	0
Customer/PNO	0	1	1
Other	0	0	1

- 6.14 There were thirteen respondents to this question. One respondent preferred Solution 2 as the owner of the MPAN billed for the use of their network, Suppliers pay for their usage, and there is no additional agreement and no change to the process.
- 6.15 This respondent considered there to be unanswered questions in regards to Solution 1. The respondent identified a step change in Solution 1 where the last customer makes the site fully settled. The Working Group pointed out that both solutions have a step change and the outcome is the same.
- 6.16 The Working Group noted the respondent's point that the Supplier will need to understand what information they will receive from the PNO on the LDNO charges to the boundary. The respondent considered that there may be differing terms across PNOs.
- 6.17 The responder asked how the PNO obtained the meter readings of the embedded customers so that the Supplier could be billed appropriately. The Working Group advised that access to this data would be through an agreement between the PNO and the Supplier/DC's and would apply for both Solutions 1 and 2.
- 6.18 The respondent questioned how one knows who the embedded Supplier is and if there is a change of Supplier for billing purposes. The Working Group advised that there would be an agreement between the embedded Supplier and the PNO.

The respondent asked what the terms would be between a PNO and a Supplier for both solutions for usage up to the boundary and if they would be similar to the LDNO's terms. The respondent suggested that a bi-lateral agreement be put in place on similar lines to DCUSA section 2A. The Working Group agreed with the suggestion of putting a bi-lateral agreement in place.

6.19 Ten respondents did not have a preference for Solution 2. The Supplier and DNO respondents noted that there would be additional administrative costs with this change in relation to creating new tariffs and billing the customer for DUoS and PNUoS would result in multiple UoS bills for Suppliers for both boundary and embedded MPANs. One of the respondents questioned the validity of Solution 2 as LDNOs would be charging for embedded sites on a private network that was not directly connected to the distribution network.

6.20 A PNO respondent considered that Solution 2 would increase the number of processes and as a result of this complexity would provide a greater opportunity for error. The respondent considered that the process may lead to disputes over the liability of parties for the reconciliation of capacity usage. The PNO respondent considered that this solution would be overly complicated if there is a high level of customers signing up to third party access.

6.21 DNO respondents also considered the issues that could arise from disaggregate capacity charges which related to the boundary but are applied to embedded premises.

- The DNO would be required to issue two separate invoices to the boundary Supplier for the same settlement period (one to invoice the Units, Fixed and capacity and one to reconcile the capacity charge and also correctly invoice the kVArh). It was noted that reconciliation could be problematic as the reconciliation charge is issued on a yearly basis and both boundary and end customers could have changed suppliers during this period.

6.22 Two respondents did not state their preference but one respondent noted some issues with Solution 2. The respondent noted that the reconciliation of the capacity charges could leave the PNO with no method to recoup the bill.

Question 6: Are you undecided at this stage in terms of your preferred solution and if so why?

Respondent Party	Yes	No	Not Applicable
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Type			
DNOs	0	6	0
Suppliers	0	2	2
IDNO	0	0	0
Customer/PNO	0	1	1
Other	0	0	1

6.23 There were thirteen respondents to this question and no respondent indicated that they were undecided at this stage. Nine respondents confirmed that they had already indicated their preferred solution. One of those respondents noted that based on the volume for customers they were undecided on the Option within the solutions presented. Another respondent noted that their preferred solution was the one they proposed in their answer to question 22. Four respondents considered the question to not be applicable.

Question 7: Under any of the solutions do you believe there are any changes required under schedule 16, 17 and 18 of the DCUSA?

6.24 There were thirteen respondents to this question and the answers received were discursive in nature. Four of the respondents considered there would need to be changes to the schedules. One respondent suggested changes to the schedules for Solution 1 but suggested that Solution 2 be looked at separately.

6.25 Some of the respondents suggest modifications to the schedules in relation to the solution proposed.

For Solution 1, respondents considered the DCUSA may need to:

- reference the D0275/D0036 data flows;
- add a zero tariff for Licensed distributor MPANs within private networks; and
- redefine the term "gross energy" so that it is consistent with the Boundary Point metered data before any complex mapping has been applied.

For Solution 2, respondents considered the DCUSA may need to:

- Be adjusted to provide for new tariffs for embedded MPANs
- Modify the CDCM and EDCM models if new or discounted tariffs will be implemented as part of this solution.

For both Solutions, respondents considered the DCUSA may need to:

- Clarify the application of the DUoS charges for such private networks connected to the DNO's distribution system either in the schedules and/or in the DNO's LC14 Use of System Charging Statement.
- Incorporate any annual reconciliation of capacity and reactive charges in to the methodologies.

6.26 Three of the respondents did not identify any changes needed to the schedules. Two respondents considered that the question was not applicable with one respondent advising that they had no further comments.

Question 8A: While there are potentially very many sites that are covered by the new market facility it is unclear how many customers on such sites may strike contract with Suppliers, in so doing initiate the Difference Metering billing Solution necessitating new arrangements to maintain or support DUOS billing by the LDNO. In your view which Solution is most appropriate if the take up is small?

Solutions: Respondent Party Type	Solution One				Solution 1 (no option preferred)	Solution 2	Other
	Option 1	Option 2	Option 3	Option 4			
DNOs	0	2	0	1	2	1	0
Suppliers	1	0	0	2	0	0	1
IDNO	0	0	0	0	0	0	0
Customer/PNO	0	2	0	1	0	0	0
Other	0	0	0	0	0	0	1

6.27 There were thirteen respondents to this question. The respondent's preferences are noted in the table above. There are two PNO respondents but one PNO respondent indicated an equal preference for both Option 2 and Option 4 and their preference is indicated in both columns.

6.28 The results clearly indicate a preference for Solution 1 by the majority of the respondents and an equal preference for Options 2 and 4 if there is a low take up.

Question 8B: In your view which Solution is most appropriate if the take up is large or very large?

Solutions: Respondent Party Type	Solution One				Solution 1 (no option preferred)	Solution 2	Other
	Option 1	Option 2	Option 3	Option 4			
DNOs	0	0	2	0	2	1	1
Suppliers	0	0	3	0	0	0	1

IDNO	0	0	0	0	0	0	0
Customer/PNO	0	0	2	0	0	0	
Other	0	0	0	0	0	0	1

6.29 There were thirteen respondents to this question. Seven respondents preferred Option 3 as the most robust solution for a large uptake of customers under third party access arrangements. Two respondents favoured Solution 1 and did not state a preference for any of the Option within Solution 1. Although one did note that they did not agree with Option 2. One DNO respondent considered that Solution 2 was their preference whilst another respondent did not have any preference as they considered the risk of a large uptake minimal. One Supplier respondent had proposed their own solution and one respondent did not consider the question applicable to them.

Question 8C: Does your Option change depending on volume?

Respondent Party Type	Yes	No	Other
DNOs	4	2	0
Suppliers	3	0	1
IDNO	0	0	0
Customer/PNO	2	0	0
Other	0	0	1

6.30 There were thirteen respondents to this question. Nine respondents indicated that the Option they chose was dependent on volume with one respondent also noting that their choice of solution changed when the volume became cost prohibitive to operate at the low uptake Option they had indicated. The two respondents who had indicated Solution 1 as their choice did not take the volume in to consideration. One respondent proposed their own solution which is considered at question 22 and the other respondent did not consider this question applicable to them.

Question 9: What are the potential costs of each Option? Which Option for your organisation would have the highest or lowest cost?

6.31 There were thirteen respondents to this question. The majority of respondents considered that Solution 2 would be the most expensive to implement with some respondents noting the expense of Option three.

6.32 One of the PNOs advised that the second highest cost Option for them to implement was Solution 1 Option 4 "*due to the manual intervention and validation required*".

6.33 There was a tie for the least expensive Option between Solution 1 Option 2 and Option 4.

6.34 Some of the respondents provided a table containing an approximate cost of the implementation of each Option which may be found in the Attachment 4 to this consultation.

Question 10: Do you believe that there are any issues with using a D0036⁷ or D0275⁸ quoting a pseudo MPAN over the Data Transfer Network?

6.35 There were thirteen respondents to this question. Respondents raised some concerns in regards to pseudo MPANs:

- System development costs to introduce pseudo MPANs and to prevent the MPAN from triggering an update to the MPRS.
- Use of MTC 996 will determine a complex site and this will need to be manually mapped so that the MTC is associated with the relevant MPANs.
- The risk of pseudo MPANs sitting outside of settlements and inadvertently entering settlements if the correct procedures are not put in place.

6.36 Three respondents were concerned about impacts upon the integrity of Settlements in the D0036 data flow. In particular:

- where the energy associated with that pseudo MPAN has already been included in settlements via a different MPAN.
- the use of "settlement day" in the D0036 because the data is being sent in the flow will not be used in settlement.

6.37 The Working Group considered the responses and agreed with the comment that "As long as recipients are aware of the pseudo MPANs, this should not cause any issues". The Working Group noted that the cost requirement to update the system so the MPRS is not updated by a pseudo MPAN is DNO system specific. The Working Group recognised that robust process controls will need to be put in place between the LDNO and the Supplier to ensure accurate reporting.

⁷ Validated Half Hourly Advances for Inclusion in Aggregated Supplier Matrix

⁸ Validated Half Hourly Advances

Question 11: Do you believe there are any issues in the use of MTC to identify a Difference Metered boundary point?

- 6.38 There were twelve respondents to this question. Six respondents advised that they could envisage no issues with identifying the boundary via the MTC. One respondent advised that consideration needs to be given to allow DNOs to set up combinations in MDD⁹. The Working Group pointed out that it is the responsibility of LDNOs to ensure that they have appropriate MDD entities in place to facilitate this process.
- 6.39 One respondent noted that identification of the difference metered boundary could be made via the MTC or by adding a field within MPRS. The respondent considered the larger issue to be the relationship between the boundary MPAN and the embedded MPANs on the same site. This relationship would need to be made available to the Distributor as part of the difference metering process within the relevant BSCP.
- 6.40 The Working Group advised that the Distributor will be able to put a process in place to identify the relationship through the address fields. If an amendment to the BSCP is required any party/Elexon can raise this change accordingly.

Question 12: Do you believe there are any issues in using the first line of the MPAN address to identify a particular Difference Metered boundary point with its associated embedded MPANs e.g. such as site name?

- 6.41 There were thirteen respondents to this question. Respondents considered that there was a potential for manual error on inserting a reference in to the address line as users may not understand the importance of it. One respondent noted that adding controls to address line one is possible. Respondents requested that a standardised process be put in place for these types of sites with one respondent asking for a mandatory field to be introduced with defined content that links it to the Pseudo MPAN. Another respondent pointed out that it may be difficult to analyse as a separate data item on difference metered boundary points and associated embedded MPANs.
- 6.42 The Working Group considered the responses and concluded that a potential change to BSCP 514 and 502 to create a common format e.g. "PNO ref at

⁹ Market Domain Data

(in the address field) may address this issue". The address may need to include a code as an identifier.

Question 13: Do you believe there will be consequential changes to other industry codes as a result of each Option or Solution?

6.43 There were twelve respondents to this question and all respondents considered there to be consequential changes due to each Option or Solution. The main codes impacted would be the Master Registration Agreement (MRA) and the BSC and any changes to MDD. The identified consequential changes for each Option were:

1. Solution 1 and 2

MAP09

2. Option 1

Bi-laterals between Supplier and HHDC

3. Option 2

Bi-laterals between Supplier and HHDC

5. Option 3

HHDC BSCP

In Option 3 where new data flows are introduced, there are potential impacts on relevant BSCPs (particularly for Half Hourly Data Collectors in BSCP 502) MRA (DTC)

6. Option 4

HHDC BSCP or trilateral between supplier, HHDC and distributor

7. General Changes

1. *"There is currently no requirement on the HHDC to send the gross energy data to the LDNO or Boundary Point Supplier. Some of the Options may require an obligation being placed on the HHDC (via the Boundary Point Supplier) to send the gross energy data".*
2. *"The allocation of the unique MTC of 996 to the Boundary Point MPAN where Difference Metering is being applied would need to be included as part of the Metering Dispensation process".*

Question 14: The Working Group draws your attention to DCP 142¹⁰ and asks if the change due to be implemented on the 01 October 2013 in to DCUSA will produce a problem for any of the Options e.g. electronic v manual billing?

¹⁰ Using D2021 for all invoices/credit notes if it is used at all

6.44 There were twelve respondents to this question. Some respondents considered that they would need to send electronic invoicing for all Options whilst other respondents identified certain Options which required manual billing and others electronic billing. Only one respondent voiced an issue for Solution 2 where they considered there would be a problem for any proposed annual reconciliation for capacity and reactive power.

Question 15: For the gross boundary Solution one which Option (1-4) do you prefer? Rank your preferred Options in order of preference with 1 being your most preferred Option and 4 being your least preferred Option.

6.45 There were twelve respondents to this question. Each respondent was asked to rank their preferences from 1-4. For the benefit of analysis in the tables below we have interpreted the responses of the respondents and placed 4 as the most preferred Option and one as the least preferred Option. As a result the number with the highest total is the most preferred Option.

Low Take Up Of Third Party Access Arrangements				
(Weighted 4 for most preferred Option and 1 for least preferred Option)				
Options	Option 1	Option 2	Option 3	Option 4
British Gas	0	0	0	0
ENWL (low)	3	1	2	4
Forthports	0	0	4	0
GDF Suez Small	4	2	3	1
Northern Powergrid	1	4	3	2
Npower (low)	0	0	0	4
Peel Ports	2	4	1	3
SEPD & SHEDP	3	1	2	4
SP Distribution & SP Manweb	1	4	2	3
SSE Energy Supply LTD	2	4	3	1
UK Power Networks	1	3	4	2
Western Power Distribution	0	4	0	0
Total	17	27	24	24

High Take Up Of Third Party Access Arrangements				
Options	Option 1	Option 2	Option 3	Option 4
British Gas	0	0	0	0
ENWL (High)	2	1	4	3
Forthports			4	
GDF Suez Large	3	2	4	1
Northern	1	4	3	2

Powergrid				
Npower (High)	0	0	4	0
Peel Ports	2	4	1	3
SEPD & SHEDP	3	1	2	4
SP Distribution & SP Manweb	1	4	2	3
SSE Energy Supply LTD	2	4	3	1
UK Power Networks	1	3	4	2
Western Power Distribution	0	4	0	0
Total	15	27	31	19

6.46 The Working Group noted that where the take up of customers for third party access arrangements was low Solution 1 Option 2 was the preferred Option. In the case of a high take up of these arrangements Solution 1 Option 3 was the preferred Option.

Question 16: Do you believe that under Solution two that a reconciliation of reactive and capacity charges should be performed? If so should it be monthly, annually or another frequency?

6.47 There were twelve respondents to this question. The majority of respondents agreed that reconciliation of reactive and capacity charges should be performed as it would enable billing to comply with the charging statement but many held reservations over the risk associated with those reconciliations.

6.48 Five of the respondents considered that monthly reconciliation would be required if Solution 2 was to be progressed and one respondent considered an annual reconciliation to be sufficient. One of the main reasons provided for a monthly as opposed to an annual reconciliation was to accommodate a change of agent and to bill the kVArh. The majority of respondents professed that they did not wish to see Solution 2 progressed.

Question 17: Which outcome do you prefer i.e. Solution one (stating which of Option 1-4) or Solution two?

6.49 There were twelve respondents to this question. For the benefit of analysis in the tables below the Working Group have interpreted the responses of the respondents and placed 4 as the most preferred Option with one as the least preferred Option. As a result the number with the highest total is the most preferred Option.

Low Take Up Of Third Party Access Arrangements						
(Weighted 4 for most preferred Option and 1 for least preferred Option)						
Options	Option 1	Option 2	Option 3	Option 4	Solution Two	Other
British Gas	0	0	0	0	0	4
ENWL	0	0	0	0	4	0
Forthports	0	4	0	4	0	0
GDF Suez Small	4	0	0	0	0	0
Northern Powergrid	0	4	0	0	0	0
Npower	4	0	0	0	0	0
Peel Ports	0	4	0	3	0	0
SEPD & SHEDP	0	0	0	4	0	0
SP Distribution & SP Manweb	0	4	0	0	0	0
SSE Energy Supply LTD	0	4	0	0	0	0
UK Power Networks	0	0	4	0	0	0
Western Power Distribution	0	4	0	0	0	0
Total	8	24	4	11	4	4

High Take Up Of Third Party Access Arrangements						
(Weighted 4 for most preferred Option and 1 for least preferred Option)						
Options	Option 1	Option 2	Option 3	Option 4	Solution Two	Other
British Gas	0	0	0	0	0	4
ENWL	0	0	0	0	4	0
Forthports	0	0	4	0	0	0
GDF Suez Large	0	0	4	0	0	0
Northern Powergrid	0	0	4	0	0	0
Npower	0	0	4	0	0	0
Peel Ports	0	0	4	0	0	0
SEPD & SHEDP	0	0	0	4	0	0
SP Distribution & SP Manweb	0	4	0	0	0	0
SSE Energy Supply LTD	0	4	0	0	0	0
UK Power Networks	0	0	4	0	0	0
Western Power	0	4	0	0	0	0

Distribution						
Total	0	12	24	4	4	4

6.50 The Working Group noted that respondents preferred Solution 1 Option 2 for a low take up of third party access arrangements and Solution 1 Option 3 for a high take up of third party access arrangements. One respondent preferred Solution 2 and one respondent preferred an Option that they proposed in answer to question 22 of this consultation. The Working Group considers the proposed Option and provides their comments at question 22.

Question 18: Under the alternative Solution in order to achieve reconciliation how should the DNO receive the gross data?

6.51 There were twelve respondents to this question. Two respondents suggested that the industry should receive the gross data via a spreadsheet. It was pointed out that the receipt of the data from the HHDC could *"be used to determine when to start undertaking reconciliation, when to determine the frequency of reconciliation and when there is a need to introduce new data flows in preference to the spreadsheet"*.

6.52 Other respondents suggested that *"the DNO should receive the net data from the boundary supplier's DC and the gross data from the embedded suppliers' DCs"* by existing data flows such as the D0036 flow. Four respondents did not see the logic behind Solution 2.

Question 19: DCP 158 is due to be implemented in the next DCUSA release following authority consent. Do you have a preference on the date that DCP 158 is implemented in to the DCUSA?

6.53 There were twelve respondents to this question. The majority of the respondents requested a later implementation date. Two respondents did not consider the next release following authority consent sufficient time for the implementation of the change. A further two respondents considered that April 2014 was a sufficient implementation date for the low volume solutions such as Option 1, 2 and 4. For the permanent solutions Option 3 and Solution 2 the implementation date suggested was April 2015.

6.54 Two respondents denoted the notice period required in months. One respondent requested no notice period for Options 2 and 4, 3 to 6 months' notice period for Option 1 and a 6 month notice period for Option 3 and Solution 2. The other respondent requested 3 months lead time for any Options that would

require system changes. One Supplier and one DNO did not have a preference for the implementation date. Two PNO respondents noted that they did not have a preference for the implementation date with one respondent pointing out that they were not a DCUSA party. One respondent noted that it was not a matter that could wait a long time.

6.55 The Working Group analysed the responses and noted that if industry parties were unable to implement the changes required in time they could always apply for derogation from those clauses in the DCUSA.

Question 20: Which DCUSA General Objectives does the CP better facilitate?

Please provide supporting comments.

1. **The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.**
2. **The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.**
3. **The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.**
4. **The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.**
5. **Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.**

6.56 There were twelve respondents to this question. The majority of the respondents considered that general objective two is best facilitated by this change. Three respondents considered that general objective three and general objective four was better facilitated by the change.

6.57 Initially the Working Group noted the responses and agreed that Objective three was better met as it puts in place robust processes for DUoS charging on PNO networks but considered that objective four is neutral in this instance because it relates to the governance of the agreement itself. After further debate the Working Group agreed that Objective three was not better facilitated as this change was not raised to provide for cost reflectivity. Please see the Working Group's view on the DCUSA objectives at section ten of this Change Report.

Question 21: Which DCUSA Charging Objectives does the CP better facilitate? Please provide supporting comments.

1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence
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)
3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business
5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

6.58 There were eleven respondents to this question. Six respondents considered that objective one is better facilitated by this change and five respondents considered that objective two is better facilitated by this change.

6.59 One respondent considered that objectives three and five were better facilitated by this change. The Working Group considered that objective three was better facilitated as it puts in place robust processes for DUoS charging arrangements that are reflective of the costs incurred and that objective five is neutral in this instance.

6.60 One respondent did not consider objective two better facilitated by the change *"as the aim of the change is to put in place a process for more appropriate DUoS charging arrangements for customers embedded within a private network, we believe that the cost and administrative burden of the proposed solutions are unlikely to facilitate the engagement of all Suppliers"*.

6.61 Please see the Working Group's view on the DCUSA objectives at section ten of this Change Report.

Question 22: Are there any alternative Solutions or matters that should be considered by the Working Group?

6.62 There were twelve respondents to this question. Seven of the respondents did not have any further matters for the Working Group to consider.

6.63 One respondent noted that there would need to be a bi-lateral contract between a Supplier and the Supplier at the boundary in order to process gross data. This respondent also highlighted the need for an understanding that embedded customers within a private network are not being billed to the Supplier by the LDNO. Instead all embedded customers will be billed to the Supplier of the boundary MPAN. The respondent advised that further discussion would be required to work out where it sits within DCUSA.

6.64 The Working Group considered the response and advised the boundary Supplier is responsible for the accuracy of the data at the boundary points including the gross data and can therefore facilitate the exchange of information. The Working Group noted that the Change Proposal covered off these issues and will be picked up as part of the legal review.

6.65 Two PNO respondents requested consideration by DCUSA of parties that impact the wider unlicensed users and PNOs who have no voting rights unless specifically notified and invited to participate. One respondent advised that a mechanism should be put in place to ensure that private networks are cited to change processes that have an impact upon them. The Working Group considered that PNOs with embedded MPANs could be identified via their MTC by the relevant DNOs. So long as the DNOs were willing to assist, those identified could be invited to join Working Groups and to respond to consultations that may impact upon them.

6.66 One Supplier respondent considered the limitations of Solution 1 Option 1 from a customer perspective. The respondent advised that the solution would not provide transparency on the apportionment of DUoS charges at the boundary for the customer's connection which would have consequences for network and capacity management incentives as the embedded customer may find it difficult to relate their consumption to charging band signals.

- 6.67 The Working Group noted the point and advised that this would be dependent on PNO's charging methodologies.
- 6.68 One Supplier respondent proposed a new solution which the proposer considered would have minimum impact upon industry systems and processes.
- 6.69 The licensed network operator charges *"their standard DUoS rates to both the supplier of the boundary mpan and the supplier(s) of any embedded mpan(s) based on the normal (net metering) settlement data for both (noting that the applicable DUoS tariff may be different for the two depending on the final voltage of connection). The embedded customer will be charged the same rate, using the same processes and systems as any equivalent customer connected to the licensed DNO. This is likely to facilitate maximum engagement by Suppliers to the benefit of the end customer"*. The respondent suggests that the PNO recovers their charges by charging the DNO in accordance with their approved UoS methodology.
- 6.70 The Working Group observed that the proposed solution would be in breach of the internal markets regulations. The Electricity Act 1989 states that the definition of the UoS charge *"means charges made or levied, or to be made or levied by, the licensee for provision of UoS and certain other services as part of its distribution business to any person, but does not include connection charges"*. Therefore this solution would provide for a levy on a third party Supplier and on a Supplier resulting in a cross subsidy between the DNOs customers and the PNOs customers.

7 CONSULTATION TWO

- 7.1 Following further discussions on the responses to consultation one, the legal text was drafted and the Working Group agreed to pose further questions to Parties to gain further insight into this CP and to gain feedback on the proposed legal text. There were thirteen respondents to DCP 158 consultation two. Two respondents were code administrators, four respondents were Suppliers, one respondent was a large customer and Private Network Operator and six respondents were Distributors. The Working Group discussed each response and its comments are summarised alongside the collated Consultation responses in Attachment 4. A summary of the responses received, and the Working Group's conclusions are set out below:

Question 1: Under Clause 29.5A.4 of the draft legal text should a new term DMAN be used in place of the reference to the term Gross MPAN?

Respondent Party Type	Yes	No	Undecided
DNOs	3	2	1
Suppliers	2	1	1
Customer/PNO	1	0	0
Other	1	0	1

7.2 There were thirteen respondents to this question. Seven respondents indicated that the use of the term *DMAN* was preferential to the use of the term *Gross MPAN*. One of the reasons provided was "*it is the metering data that is Gross not the MPAN*".

7.3 One consultation respondent suggested the use of the term *Non-Settlement MPAN* as opposed to the term *DMAN* as *DMAN* could be seen as only relating to scenarios of Difference metering.

7.4 The Working Group considered the three terms and agreed to use the term *Non-Settlement MPAN* to refer to entry points and exit points where difference metering occurs. The *Non-Settlement MPAN* will be similar to the *MPAN* in its structure with the first two digits identifying the distributor.

Question 2: Do you consider that a Difference Metering Administration Number (DMAN) should be placed as an item in the Data Transfer Catalogue (DTC) and consequential changes be made to the relevant data flows?

Respondent Party Type	Yes	No	Undecided
DNOs	3	1	2
Suppliers	2	0	2
Customer/PNO	0	0	1
Other	0	0	2

7.5 Five respondents considered that the *DMAN* should be added to the Data Transfer Catalogue (DTC) as a data item. One respondent considered the addition of the *DMAN* would provide for a robust process allowing for its use under certain conditions. Whilst another respondent was in agreement as long as the costs were reasonable for the *DMAN* to be implemented as a data item.

7.6 One respondent did not agree with the addition of the *DMAN* to the DTC but did not provide a rationale for this stance. Seven respondents did not indicate a preference for the *DMAN* being added to the DTC.

- 7.7 The Working Group considered the fact that the MPAN acts as the data core of the data flow and if the DMAN was to replace the MPAN in a data flow then it would have wide ranging impacts across the industry and be costly to implement. If the Working Group wished to pursue this avenue there would need to be an MPAN core and a DMAN core and a new group containing the DMAN definition which instructs the user on how to use the DMAN. The Working Group agreed that the DMAN did not need to be introduced in to a data flow in the Data Transfer Catalogue (DTC) but the rules around the DMAN could be placed under DCUSA so they were all in one place for parties.

Question 3: The DCP 158 change introduces a new MTC 996 to denote that it is a boundary MPAN. Should a change be raised to the BSC to confirm this process or is the obligation under the DCUSA sufficient? Or both?

- 7.8 One code administrator, one customer, two Suppliers and two DNOs clearly indicate that a change should be raised to the BSC and an obligation should be placed under DCUSA.
- 7.9 One code administrator, one Supplier and two DNOs considered that the obligation under DCUSA was sufficient.
- 7.10 One Supplier suggested that raising a change to the BSC would be prudent to ensure that all parties were aware of the change. One DNO notes that a change being raised to the BSC should not hold up this change being raised under DCUSA.
- 7.11 Another DNO considered that neither an obligation under the DCUSA or raising a change to the BSC was required. Instead an MDD change should be raised *"to apply 996 to boundary MPANS prior to it being used for an alternate purpose. The industry then should comply with the MDD as they do now"*.
- 7.12 The Working Group considered the responses and agreed to submit a report to Elexon requesting for the addition of the Market Domain Data item MTC 996 to be added to the Balancing and Settlement Code. The Working Group agreed that the addition of the MTC to the MDD will need to be aligned with the introduction of the change.

Question 4: The DCP 158 change introduces a free text field in Metering Point Address line 1 (J1036) to denote that the MPAN represents an embedded premise connected to a Private

Network or a boundary MPAN. Should a change be raised to MAP 09 (which manages the address data) under the MRA to confirm this process or is the obligation under the DCUSA sufficient? Or both?

7.13 The majority of the respondents considered that a change should be raised to MAP 09 to further define the free text field. One Supplier and one DNO considered that the obligation under DCUSA was sufficient. One code administrator provided information on the code process whilst the other code administrator considered the question to not be applicable to them.

7.14 The Working Group considered the responses and agreed to define the input to the first line of the address field and to add the definition to MAP 09.

Question 5: Should proposed clause 146A be placed under schedule 16 under "Tariff structures for Licence Exempt Systems using Difference Metering" or under clause 19.12 or in another location under the DCUSA?

7.15 One DNO and two Suppliers considered that clause 146A should be inserted in to schedule 16. Two DNOs and one customer considered that clause 146A should be inserted in to schedules 16, 17 and 18. One Supplier and one DNO considered that the clause should be inserted in to clause 19. Whilst one DNO considered that the clause should be inserted in to schedule 16 and clause 19.

7.16 The Working Group discussed whether the proposed new clause 146A sat better under clause 19 of DCUSA. The Working Group agreed to seek further legal advice and insert the clause in to either schedule 16, 17 or 18 of the DCUSA.

Question 6: Do you consider clause 147A necessary to provide clarity to the DCUSA or do you consider that the information provided therein is self-evident based on other clauses proposed in the change?

7.17 Two DNOs, one Supplier and one customer respondent considered the addition of clause 147A to be useful with one respondent suggesting that its location should be in schedules 16, 17 or 18. Two DNOs and three Suppliers considered the clause to be unnecessary and the two code administrators did not consider the question to be applicable to them.

7.18 The Working Group agreed to delete clause 147A as it was not deemed to add clarity to the change.

Question 7: If you consider clause 147A necessary under question 6, please advise where this clause is best located under the DCUSA? (Schedule 16 or other location)

7.19 Respondents considered that clause 147A was best placed in:

- Schedule 16 – three respondents
- Schedule 19 - two respondents
- Schedules 16, 17 and 18 –one respondent

7.20 One respondent did not consider a change needed to be made and further respondents considered that the clause did not add clarity.

7.21 The Working Group agreed to delete clause 147A as it was not deemed to add clarity to the change.

Question 8: Should the DCUSA stipulate at proposed clause 29.5A.6 that the data should be provided in the same timescales as are required for submission of metering data under the BSC?

7.22 The majority of the respondents considered that the data should be sent daily to align with the required timescales for the submission of metering data under the BSC. One Supplier respondent considered it to be *“more appropriate for the HHDC to send the data at the start of a month (first Business Day) which contains metered data for the whole of the previous month”*.

7.23 The Working Group considered the response and agreed that the data should be issued daily in line with BSC submission of metering data timescales.

Question 9: Should a provision be introduced to allow the boundary supplier to receive data that does not belong to them (i.e. embedded supplier data) and to onwardly charge the private network operator for their element?

7.24 The majority of the respondents considered that the provision should be introduced with one DNO respondent noting that this decision is applicable to the Suppliers who would be impacted by this obligation.

- 7.25 Of the Supplier respondents to this question three considered that the provision should be introduced with one Supplier not providing an indication but stepping the Working Group through the process.
- 7.26 The Working Group discussed the responses and the advice from an Elexon representative that there are no restrictions in the Balancing and Settlement Code (BSC) on a Supplier using another Suppliers data so long as they do so with the relevant Suppliers consent. The Working Group agreed that in order for this change to operate effectively a blanket consent for Suppliers to allow other parties to use their data in embedded networks would need to be added under either DCUSA or the BSC.

Question 10: If you answered yes to question 9, should this legal text be introduced in to the DCUSA or by raising a change to the BSC?

- 7.27 Five respondents which included Elexon considered that the legal text would be best placed under DCUSA and two respondents considered that the legal text should be placed under the BSC and DCUSA. The other respondents to this question did not indicate a preference.
- 7.28 The Working Group discussed the responses and agreed to insert the obligation under DCUSA. The Working Group decided to seek advice from Wragge & Co. on how to draft the legal text and where to insert this obligation under DCUSA.

Question 11: Should an MTC be added to the Portfolio Billing HH report so that the DNOs will know whether the IDNO has agreed to raise an MPAN for a HH site within a Private Network?

- 7.29 Three respondents considered that the MTC should not be added to the Billing HH Portfolio report. One DNO and one code administrator considered that the MTC should be added to the Billing HH Portfolio report. The other respondents did not indicate a preference.
- 7.30 The Working Group considered the responses and noted that this report does not include the embedded sites as those sites are on a zero tariff so they will not be populated in the report. The Working Group discussed whether an IDNO would raise MPANs for a PNO. The Working Group advised that where the IDNO chose to raise an inset MPAN with an MTC 997 that the gross data would make its way in to the HH portfolio billing report. The option of adding a column or field to the report was considered to be costly.

7.31 The Working Group agreed to add the MTC to the list of fields required in the MPAS extract in Schedule 19 and 21 thus placing a new obligation on the IDNO to provide data on these embedded sites.

Question 12: Do you consider that this change will have an effect on nested networks?

Respondent Party Type	Yes	No	Undecided
DNOs	3	2	1
Suppliers	2	0	2
Customer/PNO	0	0	1
Other	0	0	2

7.32 The majority of the respondents who considered nested networks to be impacted also suggested further consideration would be required to analyse the impact. One respondent suggested that be a separate change.

7.33 The Working Group agreed that due to the current low level of nested networks, the number of embedded customers wishing to switch to a third party Supplier would be very low and therefore was not an issue that required urgent resolution.

Question 13: Do you have any other comments on the legal text?

7.34 The majority of respondents did not have any further comments.

7.35 One customer respondent suggested that in order to limit confusion in the portfolio tariffs a table of tariffs that might apply to DMAN data and their tariff components should be added to the DCUSA.

7.36 The Working Group considered the addition of a table unnecessary as the tariffs were the same as the ones that are scheduled in schedules 16, 17 and 18.

7.37 The Working Group discussed one DNOs suggestion on clauses 29.4 and 29.5.A.2 and agreed to adjust the clauses in line with the DNOs suggestion as outlined below.

- *“29.4 The addition of “or Clause 29.5A.5.” and Clause 29.5A.5. starting with “In addition to the metering data received pursuant to clause 29.4” creates a circular reference. Suggest removing the start of 25.5A.5.*
- *29.5.A.2 refers to “an MPAN for metering equipment”. Is this sufficient to cover UMS? Suggest removing “for metering equipment””.*

8 DCP 158 – WORKING GROUP CONCLUSIONS

- 8.1 The Working Group reviewed each of the responses received to consultation one and concluded that the majority of the respondents understood the intent of DCP 158.
- 8.2 The Working Group considered the answers to the consultation and agreed to proceed with Solution 1 Option 2 as one of the least cost solutions presented by this CP. The Working Group agreed that this Option was reasonable given the number of customers signing up to third party access arrangements are low.
- 8.3 The Working Group proposed that if the number of customers increased then Solution 1 Option 3 could be implemented which would provide the ability to report via data flows between parties as a second phase to Option 2. A separate CP would need to be raised for Option 3 to be implemented at a point that the industry considered it was required.
- 8.4 On choosing Solution 1 Option 2 the Working Group reviewed comments in the consultation from parties on this Option. For those respondents who provided a cost analysis of the Options the approximate cost for this Option was between £8,000 to £10,000. The work identified to implement this solution in the consultation:
- MPAN creation;
 - costs to set up a billing system; and
 - resources to implement a manual process.

Once the solution was set up respondents noted that this Option would provide minimal on-going cost.

- 8.5 The Working Group agreed that the majority of Supplier and DNO respondents were supportive of the principle of the CP.
- 8.6 The Working Group noted that the majority of respondents felt that specifically DCUSA General Objective two and DCUSA Charging objectives one and two were best facilitated by this CP. The Working Group agreed that the CP was neutral on DCUSA General Objective 4 and DCUSA Charging Objective 5. The reasoning for this view is explained in section 8 of this Change Report.
- 8.7 The Working Group concluded that the CP will provide the following benefits:
- The change will make the operation of the Distribution System more

efficient; and

- It will facilitate competition by providing a Change of Supplier process for consumers on Private Networks.

8.8 The draft legal text has been reviewed by the DCUSA Legal Advisor and is attached as Attachment 2.

9 ALTERNATE CHANGE PROPOSAL RAISED

9.1 One Working Group member disagreed with the Working Group's preferred solution and exercised the right to raise an alternate proposal (DCP158A, Attachment 3 to this report). The Change Proposal builds on Solution 2 as defined by section 5.17 based on the consultation responses and further analysis undertaken in developing the legal text.

9.2 One of the main issues raised during the first consultation was that of reconciliation of data to ensure that capacity charges and reactive charges are accurate. Whilst reconciliation was supported it was also one of the biggest concerns. Based on this feedback reconciliation will not be undertaken because:

- it is likely to be more costly, impacting many industry parties and potentially end customers when compared with the income it generates due to the current low volume take up;
- when undertaking an internal company analysis of exceeded capacity only 30% fall into this category so we could be undertaking a process that results in no charges being made in 70% of instances; and
- managing the boundary capacity should be no different between LDNOs and that of PNOs. If a Distributor has concerns over the boundary capacity this can be managed through the connection agreement.

9.3 There would be no fixed charge applied to the tariffs associated with embedded Metering Points as this charge relates to the sole use assets for the private network and should therefore be allocated at the boundary.

9.4 The Independent Distribution Network Operator or the Licensed Distribution Network Operator working out of area will be responsible for raising an MPAN for embedded Metering Points connected to their network to counter the statement made earlier in section 3.8 and thereby making such instances a contractual obligation.

- 9.5 The Working Group member believes that this alternate proposal better facilitates Charging Objective 2 more than the Working Group solution because each supplier (including each embedded supplier) is being billed by the Distributor for Use of System up to the boundary point whereas in Solution 1 it is relying on the Private Network Operator to pass on Use of System charges to the embedded supplier. The Working Group member believes that it may result in charges being distorted.
- 9.6 The legal text for the alternate proposal acts as Attachment 2 to this report.

10 EVALUATION AGAINST THE DCUSA OBJECTIVES

General Objectives

- 10.1 The Working Group unanimously considers that General DCUSA Objective two is better facilitated by DCP 158. The reasoning against each objective is detailed below:

General Objective One – *The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.*

- **Working Group view on DCP 158:** The Working Group agreed that the impact on General Objective one is neutral.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on General Objective one is neutral.

General Objective Two – *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.*

- **Working Group view on DCP 158:** The Working Group agreed that General Objective two is better facilitated by DCP 158 as the CP looks to better facilitate LDNO DUoS charging arrangements where a customer within a private network requests an MPAN in order to choose a Supplier. Therefore this CP facilitates competition by putting a process in place which better facilitates the customer choosing their Supplier. Also, licence exemption is a form of competition.

- **Working Group view on DCP 158A:** The Working Group agreed that General Objective two is better facilitated by DCP 158A as the CP looks to better facilitate LDNO DUoS charging arrangements where a customer within a private network requests an MPAN in order to choose a Supplier. Therefore this CP facilitates competition by putting a process in place which better facilitates the customer choosing their Supplier. Also, licence exemption is a form of competition.

General Objective Three –*The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.*

- **Working Group view on DCP 158:** The Working Group agreed that the impact on General Objective three is neutral. The proposed changes within DCP 158 do not directly affect the obligations imposed upon DNOs or IDNOs within their distribution licence.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on General Objective three is neutral. The proposed changes within DCP 158A do not directly affect the obligations imposed upon DNOs or IDNOs within their distribution licence.

General Objective Four –*The promotion of efficiency in the implementation and administration of this Agreement.*

- **Working Group view on DCP 158:** The Working Group agreed that the impact on General Objective four is neutral in this instance because it relates to the governance of the DCUSA agreement itself.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on General Objective four is neutral.

General Objective Five – *Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.*

- **Working Group view on DCP 158:** The Working Group agreed that the impact on General Objective five is neutral.

- **Working Group view on DCP 158A:** The Working Group agreed that the impact on General Objective five is neutral.

Charging Objectives

10.2 The Working Group unanimously considers that General DCUSA Objectives one and two are better facilitated by DCP 158. The reasoning against each objective is detailed below:

Charging Objective One *-That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence.*

- **Working Group view on DCP 158:** The Working Group agreed that Charging Objective one is better facilitated by DCP 158 as the Act provides for private networks. DUoS billing and formal data provision arrangements currently in place may not be sufficient for Difference Metered private networks. This CP seeks to facilitate private networks within industry arrangements.
- **Working Group view on DCP 158A:** The Working Group agreed that Charging Objective one is better facilitated by DCP 158A as the Act provides for private networks. DUoS billing and formal data provision arrangements currently in place may not be sufficient for Difference Metered private networks. This CP seeks to facilitate private networks within industry arrangements.

Charging Objective Two *- 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).*

- **Working Group view on DCP 158:** The Working Group agreed that Charging Objective two is better facilitated by DCP 158 as it clarifies the method by which DUoS will be invoiced and reduces uncertainty of differing methods being used. The Working Group further considers that the proposed charging process is consistent with other charging methods

because each supplier only receives one use of system invoice from any distributor in the chain, reducing administration and hence facilitating competition in supply. Moreover the proposed charging process ensures consistency in that the LDNO is charging DUoS to the supplier of the connection point to their system regardless of whether customers within the private network choose their supplier. In addition licence exemption is a form of distribution competition.

- **Working Group view on DCP 158A:** The Working Group agreed that Charging Objective two is better facilitated by this change as it clarifies the method by which DUoS will be invoiced and reduces uncertainty of differing methods being used. The Working group noted that under DCP158A each supplier (including each embedded supplier) is being billed directly by the Distributor for DUoS up to the boundary point. This will mean that the embedded suppliers will receive two use of system invoices, one from the LDNO and one from the PNO. The working group felt this undermined the effectiveness of DCP158A as regards this objective compared with DCP158. In addition licence exemption is a form of distribution competition.

Charging Objective Three - *That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business.*

- **Working Group view on DCP 158:** The Working Group agreed that the impact on Charging Objective three is neutral as this change is not considering modifying the charging methodologies for cost reflectivity reasons.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on Charging Objective three is neutral as this change is not considering modifying the charging methodologies for cost reflectivity reasons.

Charging Objective Four - *That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is*

reasonably practicable, properly take account of developments in each DNO Party's Distribution Business.

- **Working Group view on DCP 158:** The Working Group agreed that the impact on Charging Objective four is neutral.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on Charging Objective four is neutral.

Charging Objective Five *-That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators (ACER).*

- **Working Group view:** The Working Group agreed that the impact on Charging Objective five is neutral. DCP 158 was not raised as the result of a legally binding decision of the European Commission or ACER and therefore does not better facilitate Charging Objective five.
- **Working Group view on DCP 158A:** The Working Group agreed that the impact on Charging Objective five is neutral. DCP 158A was not raised as the result of a legally binding decision of the European Commission or ACER and therefore does not better facilitate Charging Objective five.

11 IMPACT ON GREENHOUSE GAS OMISSIONS

11.1 In accordance with DCUSA clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 158 or DCP 158A were implemented. The Working Group did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

12 IMPLEMENTATION

12.1 The Working Group recognises that the implementation of DCP 158 change may require some parties to introduce system changes to accommodate the change.

12.2 DCP158A will require a new charging statement to be implemented and therefore this change will require a longer notice period than DCP 158.

12.3 Subject to Party approval and Authority consent, either DCP 158 will be implemented on the 01 April 2014 or DCP 158A will be implemented on the 01 October 2014.

13 PANEL RECOMMENDATION

13.1 The DCUSA Panel approved the DCP 158 Change Report on 20 November 2013. The timetable for the progression of the CP is set out below:

Activity	Target Date
Change Report Agreed	20 November 2013
Party Voting Ends	20 December 2013
Change Declaration Issued	24 December 2013
Authority Decision	06 February 2014
Implementation of DCP 158	01 April 2014
Implementation of DCP 158A	01 October 2014

14 ATTACHMENTS:

- Attachment 1 – DCP 158 Voting Form
- Attachment 2 – DCP 158 Proposed Legal Drafting
- Attachment 2- DCP 158A Proposed Legal Drafting
- Attachment 3– DCP 158 Change Proposal
- Attachment 3- DCP 158A Change Proposal
- Attachment 4 – DCP 158 Consultation Documents