



## **DCUSA CONSULTATION**

### **DCP 151 - HH Aggregated Tariffs**

This consultation document requests industry views on DCP 151 'HH Aggregated Tariffs'. The CP has been raised seeking to amend the Common Distribution Charging Methodology to cater for the introduction, in October 2013 (subject to approval), of three half hourly aggregated Measurement Classes.

## **1 PURPOSE**

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Consultation issued to DNOs, IDNOs, Suppliers, any other interested Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 151 – HH Aggregated Tariffs.
- 1.3 Parties are invited to consider the Working Group's questions in conjunction with Appendix B - Proposed Legal Drafting amendments.
- 1.4 Comments should be submitted using the Response Form attached as Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by Friday, 21 September 2012.

## **2 Background of DCP 151 – HH Aggregated Tariffs**

- 2.1 Suppliers are currently starting to install HH capable metering into sites that are currently settled in the NHH market on profile classes 1-8. To maximise the benefits of Time of Use tariffs, Suppliers need to be able to ensure that changes in customers' consumption patterns are reflected through the electricity settlement arrangements.
- 2.2 In July 2011, DCP 103 'Duos Charges for sub 100kw HH settled sites' was raised within DCUSA to facilitate the move from NHH settled to the HH settled market. The DCP 103 solution was based on the idea that these customers would be transferred to the HH elective settlement regime (measurement class E) and settled on a site specific basis, as this was the only option available.
- 2.3 In November 2011, Balancing and Settlement Code (BSC) Modification P280 'Introduction of new Measurement Classes' was raised seeking to introduce three new HH aggregated Measurement Classes for Half Hourly settled customers. The use of these new Measurement Classes will allow distributors to charge DUoS charges for these customers on an aggregated basis rather than

site specific basis. The proposed new Measurement Classes are shown in the table below.

<b>Proposed New Measurement Classes</b>	
F	Half Hourly aggregated metered (Domestic)
G	Half Hourly aggregated metered (Non Domestic whole current metered)
H	Half Hourly aggregated metered (Non Domestic CT metered)

- 2.4 DCP 151 'HH Aggregated Tariffs' has subsequently been raised seeking to amend the Common Distribution Charging Methodology to cater for the introduction of the three new half hourly aggregated Measurement Classes.
- 2.5 DCP 151 builds upon the work carried out for DCP 103, which was subsequently withdrawn by British Gas on 10 August 2012. Additional information on DCP 151 can be found in the DCP form which is provided as Appendix A.

### **3 Working Group Assessment of DCP 151**

- 3.1 The DCUSA Panel established a Working Group consisting of Supplier, DNO, IDNO and Ofgem representatives to assess DCP 151.
- 3.2 The Working Group has discussed the CP and notes that DCP 151 is an interim solution that will allow for the new Measurement Classes introduced by P280 to be used. The Distribution Charging Methodologies Form (DCMF) Methodologies Issue Group (MIG) has established a subgroup, known as the NHH/HH (or MIG 22) subgroup, to address the perceived discrepancy between the charges for NHH metered connections and HH metered connections. The subgroup is considering a voltage level solution to address the discrepancy and once it has concluded its investigations, intends to submit a DCUSA CP for the enduring solution. The Working Group noted that the duration of DCP 151 will be limited by the implementation of the NHH/HH subgroup solution.
- 3.3 The Working Group also noted that where there is a Change of Measurement Class (CoMC) to, or between, the three new HH Aggregated Measurement Classes there will be a need for the Supplier to inform the DNO of the proposed

tariff associated with the CoMC.

- 3.4 The Working Group agreed that a Consultation should be issued to aid the Working Group in its progression of DCP 151.

#### **4 Assessment against the DCUSA Objectives**

- 4.1 The Working Group has identified that the CP better meets DCUSA Charging Objective two<sup>1</sup> and General Objective two<sup>2</sup> as the implementation of the change will enable suppliers to benefit from the smart meter roll out as and when they are ready to do so, thereby facilitating competition.
- 4.2 The CP also better meets DCUSA Charging Objective three<sup>3</sup> and General Objective three<sup>4</sup> as the change will facilitate aggregated billing for Use of System charging, which is currently seen as a barrier should the customer with the same energy requirements wish to be traded in the NHH market instead of the HH market. This will be an interim measure until the MIG sub group concludes its investigations and submits a CP.

#### **5 DCP 151 – HH Aggregated Tariffs – Legal Drafting**

- 5.1 The proposed legal drafting is attached as Attachment A.

#### **6 DCP 151 - IMPLEMENTATION**

- 6.1 The proposed implementation date for DCP 151 is 1 October 2013, which was the same date as that initially proposed for the introduction of the three new Measurements Classes introduced by P280.

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<sup>1</sup> 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).

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.

6.2 Subsequent to the submission of DCP 151, a revised implementation date of 1 April 2014 has been proposed for P280. The DCP 151 Working Group noted that the implementation date for DCP 151 could be moved to align with P280 or alternatively if it remains as 1 October 2013 then the new tariffs would be in place but there would not be the ability to use them until P280 is implemented.

## 7 DCP 151 – Consultation Questions

7.1 The Working Group is seeking views on the following consultation questions:

Question Number	Question
1	Do you understand the intent of the CP?
2	Are you supportive of the principles of the CP?
3	Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
4	Where there is a Change of Measurement Class (CoMC) currently the proposal is for DCUSA to state that the Supplier should provide the DNO with notification of the proposed tariff associated with the Change of Measurement Class within 5 working days of the CoMC. Do you agree with the proposer that tariff information should be provided within 5 working days?
5	Should a process be defined in DCUSA for the provision of notification of the proposed tariff associated with a Change of Measurement Class to DNOs? For instance, via spreadsheet?
6	Suppliers: The Working Group would like to gain an understanding of the volumes of notifications expected. Do you foresee making notifications on a daily basis (high volume), weekly basis (medium volume) or an as and when basis (low volume)?
7	The draft legal text proposes to remove the CDCM model number from the DCUSA and state that the latest version of the model should be used. Do you agree with this proposal? If not, should the existing wording be retained and the model number incremented each time there is a model change or do you have an alternative method for

	maintaining the version number?
8	Should 'HH site specific' and 'HH aggregated' be defined within DCUSA or is this covered off within the BSC by the definition for each Measurement Class?
9	DCP 151 is an interim solution that will allow for the new Measurement Classes introduced by P280 to be used. Would you prefer to wait for the conclusions of the MIG NHH/HH (MIG 22) subgroup before establishing an enduring solution or proceed with implementing DCP 151? Please provide your rationale.
10	In addition to the work of the MIG NHH/HH subgroup, are you aware of any other wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.
11	<p>Assuming that P280 is accepted and implemented, the options are:</p> <ol style="list-style-type: none"> <li>1 The use of the DCP 151 solution</li> <li>2 Not using the new Measurement Classes introduced by P280 as there would be no tariffs associated with them</li> <li>3 An alternative option (please define how this alternative would work)</li> </ol> <p>To support the working group in performing a cost benefit analysis, can you please list the pros and cons that you believe are associated with the above options.</p>
12	Do you have any comments on the proposed legal text?
13	Are there any alternative solutions or matters that should be considered by the Working Group?
14	Are you supportive of the proposed implementation date of 1 October 2013?
15	Do you have any further comments?

- 7.2 Responses should be submitted using Appendix C to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than Friday, 21 September 2012.
- 7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

## **8 NEXT STEPS**

- 8.1 Responses to the Consultation will be reviewed by the DCP 151 Working Group at its next meeting and will be used by the group in its progression of the CP.
- 8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) or telephone 020 7432 2842.

## **APPENDICES**

- Appendix A – DCP 151
- Appendix B – Proposed Legal Text
- Appendix C – Response Form