

**DCUSA CHANGE DECLARATION**

**DCP 143 - Estimating Missing Reactive Data**

**VOTING DATE:** 15 April 2013

DCP 143	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
<b>CHANGE SOLUTION</b>	Reject	Reject	Reject
<b>IMPLEMENTATION DATE</b>	Reject	Reject	Reject
<b>RECOMMENDATION</b>	<p><b>Change Solution – REJECT.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p><b>Implementation Date – REJECT.</b>                      In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was less than 50% in all Categories.</p>		
<b>PART ONE / PART TWO</b>	Part One – Authority Determination Required		

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A/R)	COMMENTS
<b>DNO PARTIES</b>			
<b>Electricity North West Ltd</b>	Reject	Reject	<p><b>Proposed solution</b></p> <p>We have no option but to reject this change proposal based on the following:</p> <ul style="list-style-type: none"> <li>• the intent is only partly delivered;</li> <li>• places an obligation on another party where the initial party is in breach of the DCUSA; and</li> <li>• the DCUSA objectives are not better facilitated.</li> </ul> <p><b>The intent</b></p> <p>The intent is to compel distributors to estimate missing reactive data using a default power factor of 0.9 applied to the HH active data.</p> <p>We argued during the consultation stage that:</p> <ul style="list-style-type: none"> <li>• this is not possible if the active data is missing so in such circumstances cannot be achieved unless the distributor also estimates such data;</li> <li>• a value of 0.9: <ul style="list-style-type: none"> <li>○ is not justifiable for both Reactive Import (RI) and Reactive Export (RE); and</li> <li>○ may not be the correct value for each distribution network.</li> </ul> </li> </ul> <p>As a consequence of the first part of the second bullet point the change was restricted to just estimating RI. This was agreed by the working group but not approved by the DCUSA Panel.</p> <p>At the January Panel the change proposal for handling changes to the intent was withdrawn. Whilst it was minuted that business procedures may need amending to provide guidance we can find no evidence of any notification to contract managers over the process to be adopted when wishing to change the intent of a change proposal or any such documentation changes having taken place e.g. the change proposal still states that the intent cannot be changed:</p> <p>“Change Proposal Intent - Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.”</p>

		<p>That said, the DCP127 working group sought to amend the intent of their change proposal and agreement was requested and received from the Panel for such a change. We support such an approach. In this instance (DCP124) there is no evidence within the DCUSA Panel minutes that this has been requested and/or supported.</p> <p>As a consequence of this, the legal text only provides for part of the intent.</p> <p>Similarly, how can you estimate a value if other data that forms part of the calculation is missing. The only way is to calculate such missing data as well. The intent is silent on this, and those that choose not to will have system impacts and may not be able to calculate RI and potentially placing them in breach of DCUSA (a breach on top of a previous breach). Those that do estimate the other missing values will then be able to calculate RI but there will be no common approach in this area thereby resulting in suppliers being in a no better position when considering their validation logic. An open intent to mandate distributors to estimate missing data would have been more appropriate.</p> <p>Based on the limited intent this change proposal should be rejected.</p> <p><b>Breach of DCUSA</b></p> <p>Where a breach occurs the impacted party should have a right to some form of action. In this case DCUSA covers off such a breach (non compliance with Clause 21.2.1 and 21.2.2 to provide data or estimate such data) by allowing the distributor to estimate if they wish to do so (DCUSA clause 21.2).</p> <p>However this change proposal wishes to mandate estimation of reactive (and now only Reactive Import) by the distributor thereby invoking costs on those who currently choose not to do so, and potential costs for those that estimate in a different way than that of the proposal. This seems an inappropriate obligation when the solution is for the supplier to meet their obligation in the first place.</p> <p>It must also be remembered that if the data comes in at a later date and is different than that of the estimated value then this will result in a cancellation and rebilling to the supplier in any case.</p> <p><b>DCUSA Objectives</b></p>
--	--	---

		<p>Let us first challenge the working group conclusions contained in the Change Report:</p> <p>Para 8.1 – meets the intent. This is clearly not the case as identified in our response above.</p> <p>Para 8.2 – separate validation routines are required for different DNOs – this won't change because there is no common approach agreed for the calculation of Active Import, Active export or Reactive Export. It may well have been the case that validation costs can be saved by suppliers where a common approach to estimation of all missing data is concerned but not one value in four.</p> <p><b>General objective 1</b></p> <p>We argued in our consultation response that this objective is not better facilitated if the default value used is not aligned to their network or aligned to the values quoted within BSCP502 that the HHDC would use if they undertook such estimation (as is their obligation). This alternative approach was not adopted no doubt because it did not meet the limited intent of the change proposal and as such the use of 0.9 to calculate RI is likely to produce inaccurate data in which the development of the distribution network may well be based on. This response is equally supported by some of the supplier community.</p> <p><b>Based on the above, objective one is not better facilitated.</b></p> <p><b>General objective 2</b></p> <p>We argued that this may place a perverse incentive on suppliers not to chase their agents for missing data thereby reducing their costs and thereby placing them in a more advantageous position compared to their competitors who do chase their agents.</p> <p>We also argued that the main argument for this change is to reduce supplier validation costs. This cannot be achieved as stated above under our response to para 8.2 of the Change Report unless all the values are estimated since it is likely that an 'uncommon' approach will prevail for the other missing values.</p> <p>Some distributors may infer from the legal text that if the values of AI and AE are also missing they cannot calculate RI and as such don't undertake any</p>
--	--	---

			<p>estimation (and do not send a bill as some do now). This will not solve the supplier concerns over non estimation and reduced validation costs.</p> <p>The working group response regarding new entrants cannot be substantiated based on the same logic. They will also be unaware of how any other missing value is calculated when considering their validation criteria.</p> <p><b>Based on the above, objective two is not better facilitated.</b></p> <p>We do not believe that general objective 3, 4 and 5 are impacted by this change proposal.</p> <p>All this change proposal does is increase costs to all parties without any potential upside. The intent was far too narrow for an informed debate and should have been withdrawn and replaced with a more balanced intent thereby ensuring a more considered solution.</p> <p><b>Overall the general objectives are not better facilitated, and as such this change proposal should be rejected.</b></p> <p><b>Implementation Date</b></p> <p>We argued that we would need at least six months to deliver this change proposal. At the time of our consultation response stating this position the date was achievable but when you consider:</p> <ul style="list-style-type: none"> <li>• the Change Report's delayed submission (at the March Panel and not that contained within the Change Report stating February 2013); and</li> <li>• the Authority's likely decision date of 23 May 2013 (Change Report para 12.2)</li> </ul> <p>the implementation date of the 1st October 2013 does not provide six months from approval.</p> <p>Since then we have been impacted by the Authority decisions associated with DCP146 (HH Invoice runs) and DCP148 ( Re-billing to be done via credit/re-bill) that have resulted in Electricity North West seeking a derogation from the implementation date of the 1st October 2013 until the 1st January 2014. Within that derogation request we indicated that should this change proposal be accepted we would be seeking a further extension to 1st April 2014 for all three change proposals.</p>
--	--	--	---

			We therefore reject this change proposal date in favour of a 1st April 2014 date due to the complexity of the changes and the potential synergy savings of delivering the three billing changes together.
<b>Northern PowerGrid - (North East)</b>	Reject	Reject	<p>Northern Powergrid are rejecting this proposal on the following key points:</p> <ul style="list-style-type: none"> <li>• The appointed agents of the suppliers who have the remit to provide consumption data (AI, RI, AE, RE) must continue to do so and be managed by suppliers to meet their requirements. The obligation should not be put against the DNO; however DNO's should retain the option that if they so choose, then they can estimate the data that is missing.</li> <li>• We feel that there is no real justification for using a power factor of 0.9 as using an average allows for degrees of variation that may not suit what is representative of customers connected to our networks.</li> <li>• It appears that the working group may not have given sufficient consideration to consultation responses in that the introduction of a greater volume of estimated or less accurate data does not, in our view, better facilitate objective one.</li> <li>• We feel that this change would be better suited for consideration within the change controls under the BSC, specifically BSCP 502. As highlighted by another DNO the estimating of data is already covered in 4.2 specifically 4.2.1 import metering systems and 4.2.1 (g) around reactive energy.</li> <li>• Given the amount of uncertainty in this proposal and the vast differences of opinion between suppliers and DNO's it is of our opinion that this change should be rejected.</li> </ul>
<b>Northern PowerGrid - (Yorkshire)</b>	Reject	Reject	
<b>Scottish Power - Distribution</b>	Reject	Reject	<p>SPEN do not agree with any forced obligation on the DNO to estimate reactive data if no reactive data is received from the Supplier's appointed HHDC Agent. The Agent is already obligated to either provide actual or estimated data, and this is where any obligation should remain. We believe the intention of the Billing Sub-Group review and of this DCP 143 is to seek consistency of billing</p>
<b>Scottish Power - Manweb</b>	Reject	Reject	

			<p>practice. Our recollection of the debate is that it was clear and agreed that the DNO has to have the option to estimate for missing import/export data (as provided in Para (a)), and that if they choose to do so they could also estimate the reactive data. For consistency and ease of Supplier validation it was felt that DNO's, if estimating, should all use a standard Power Factor (now given as 0.9). SPEN had no issue with these intentions. However, the Draft Legal Text as now provided does not reflect the above.</p> <p>Para (a) states: the Company <b>may</b> use estimated data prepared by the Company where the User fails to provide the data under Clause 21.2.1 and 21.2.2</p> <p>Para (b) states: where the User fails to provide half-hourly reactive power data for the reactive import and reactive export channels, the Company <b>shall</b> estimate the data for the reactive import channel only, by applying a power factor of 0.9 to the half-hourly active import data for demand charges or by applying a power factor of 0.9 to the half-hourly active export data for generation charges; and</p> <p>Para (c) states: where an account is based on estimated data, the account shall be subject to any adjustment which may be necessary following the receipt of actual data from the User.</p> <p>The link between (a) &amp; (b) has been severed by removal of "and" from end of Para (a). SPEN believe that it can now be interpreted that the DNO must estimate for reactive data, rather than if they choose to estimate under Para (a) they can also estimate under Para (b) but if they do so they must use the methodology described (Power Factor of 0.9).</p> <p>SPEN believe that the wording needs clarified. Otherwise we are concerned that it can be interpreted (correctly) that if no import/export data is received then under Para (a) the DNO continues to have the choice/option to estimate. However, we are concerned that it can also now be interpreted (in our opinion, wrongly) that If import/export data is received, but no reactive data received then under new Para (b) there is implied obligation to estimate for this missing reactive data ? It does not seem reasonable that the DNO can choose not to</p>
--	--	--	--

			<p>estimate for the main usage data, but does not have same choice for the much smaller and relatively immaterial reactive side.</p> <p>As stated previously and noted within the consultation documents, SPEN do not currently estimate for missing HH data, instead choosing to follow up with Suppliers and Data Collectors to ensure any missing data is sent in accordance with their obligations. This has proven to be highly successful with billing based on actual readings consistently achieving 99.99%/100% levels. This strategy avoids unnecessary cancellation and re-billing of accounts based on DNO estimates and has thus far meant we have had no requirement to build estimation functionality within our DUoS Billing Systems. We believe the cost of developing such functionality to be prohibitive. This is estimated at around £50k IT Development Costs plus ongoing administrative costs of inevitable increase in cancellation and rebilling activities (refer to Billing Sub-Group outputs CP 0146 &amp; CP 0148 here for problems that this creates). SPEN therefore REJECT this change.</p> <p>We would add that if the wording in Para (b) was linked to Para (a) and was amended along lines of " ...the company <i>may</i> estimate the data for the reactive import... and <i>if they so choose shall do so</i> by applying a power factor of 0.9 to the half-hourly active data.... then this would be acceptable to SPEN.</p>
<b>SSE - Scottish Hydro Electric Power Distribution plc</b>	Accept	Reject	<p>We have reconsidered our view of the proposed implementation date and suggest that this should be 1 April 2014. The Working Group stated in responses to consultation comments that there would be at least six months between the decision on this matter and the implementation date. This will not be true and the original implementation date is therefore not appropriate.</p> <p>This is also one of a number of Change Proposals which require changes to DNO and IDNO billing systems (some of which have already been approved). The individual and collective effect of these changes on IT resources must be recognised and more realistic implementation dates proposed.</p>
<b>SSE - Southern Electric Power Distribution plc</b>	Accept	Reject	



<b>UK Power Networks - Eastern Power Networks</b>	Accept	Accept	UK Power Networks already work this way and agree with the CP to adopt a common approach in the industry.
<b>UK Power Networks - London Power Networks</b>	Accept	Accept	
<b>UK Power Networks - South Eastern Power Networks</b>	Accept	Accept	
<b>Western Power Distribution -East Midlands plc</b>	Reject	Accept	We do not agree with the assumed power factor of 0.9 as this assumes that the customer has exceeded their agreed power factor and causes them to incur a financial penalty when they have potentially not exceeded, we do not believe this is a cost reflective or fair assumption. We also believe that the task of estimating missing data is better tasked to the DC, as a DNO we feel very uncomfortable about billing on data we know is false. If this change proposal is accepted then we accept the implementation date.
<b>Western Power Distribution -South Wales plc</b>	Reject	Accept	
<b>Western Power Distribution -South West plc</b>	Reject	Accept	
<b>Western Power Distribution -West Midlands plc</b>	Reject	Accept	
<b>IDNO PARTIES</b>			
<b>ESP Electricity Ltd</b>	Reject	Reject	The system changes and associated costs for our billing system to estimate missing reactive power far outweighs the benefits for us as an IDNO. The Supplier and their agents should manage their obligation to provide the data – either by providing actual reactive data or estimated where it is missing.
<b>SUPPLIER PARTIES</b>			
<b>British Gas</b>	Reject	Reject	As per our consultation response British Gas does not support this change
<b>EDF Energy</b>	Accept	Accept	We accept the proposed solution and implementation date.

<b>EON</b>	Accept	Accept	<p>We are with the working group that DCUSA objectives 1 and 2 are better facilitated by the introduction of this DCP.</p> <p>We would expect that Suppliers should fulfil their obligations to provide reactive power data for their customers and that their agent should estimate where it is missing. However there are instances where this data is unavoidably missing. In these instances some Distributors currently will estimate the missing data others choose not to. Those that do have different methods for doing so. We believe it is reasonable for Distributors to do this as not doing so does not provide the send the correct signal to either Suppliers or customers. If you accept that this is reasonable then it follows that all Distributors should follow the same methodology to make it transparent for Suppliers as to the charges they are being presented with. The alternate approach is that no data should be estimated by Distributors but this does not seem to be consistent with Distributors understanding the impact of reactive power on their network.</p>
<b>Scottish Power Energy Retail Ltd</b>	Reject	Reject	<p>We do not believe that the DNO should be estimating this data or that the arguments for using a Power Factor of 0.9 have been sufficiently made. Further to this, we do not believe, due to the unpredictable nature of reactive usage, that the DNO Parties are placed to estimate this accurately. As such we cannot agree that the change will better facilitate the development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks (General Objective 1).</p> <p>We do not believe that the DNO should be expected to estimate any missing reactive data. The BSC refers to the Data Collector and we believe that it is their responsibility to create estimates. If a gap exists within that process, that should be addressed, rather than creating a solution elsewhere that places obligations on other parties.</p> <p>We believe this change may have the unintended consequence of introducing misalignment between settlement data (D0036), DNO data, and customer billing. Any estimated data should be aligned across all systems and should not be done outside of settlements by the DNO.</p>
<b>Smartest Energy</b>	Reject	Reject	<p>We have two issues with this:</p> <ol style="list-style-type: none"> <li>1) 0.9 seems to be something of a low number</li> </ol>

			<p>2) It should not be left to distributors</p> <p>Given the increasing importance of reactive it is about time the industry formalised settlement of it through BSC processes.</p>
<b>SSE Energy Supply Ltd</b>	Reject	Reject	<p>'Although SSE Supply supports a common approach to missing Reactive data, we can not see satisfactory justification has been provided for the use of a 'one size fits all' 0.9 default value. This would lead to excessive Reactive Power Charges, which must either be absorbed by the Supplier, or passed through, increasing the number of Customer disputes. This approach would not only lead to issues for Export data, there is no accounting for those Customers who have Power Factor Correction equipment installed. We believe the appointed Data Collector would be best suited to carry out this work, and an alternative Change Proposal is raised.</p> <p>Given this we have no option but to reject this Change Proposal and it's implementation date'</p>