

DCUSA DCP 138 Consultation Two Responses – Collated Comments

Company	Confidential/ Anonymous	1. The Working Group revised the legal text by updating the ‘caps and collar’ NUFs calculation timeline in table in Schedule 17 and Schedule 18. Do you have any comments on the proposed legal text of DCP 138?
Franck Latrémoière	Non-confidential	<p>It seems inappropriate to use pre-DCP 138 NUFs to set caps/collars on post-DCP 138 NUFs.</p> <p>I do not understand why caps on NUFs are being retained with DCP 138. The amended treatment of spare capacity seems to make capping inappropriate.</p> <p>I do not understand the rationale for averaging caps/collars over three years when (as far as I can tell) the underlying NUFs are not averaged (and therefore any NUF volatility is not mitigated).</p>
Electricity North West	Non-confidential	No, this is clear
Northern Powergrid	Non-confidential	No
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	No comments on the legal text.
SP Distribution plc and SP Manweb plc	Non-confidential	None.
UKPN	Non-confidential	Yes. Please see the proposed modification set out in the attached legal text.
Western Power	Non-confidential	WPD agree with the working groups update to the caps and collars

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Company	Confidential/ Anonymous	2. The Working Group agreed to revise the proposed implementation date to 1 April 2017 to enable customers impacted by the change get more notice on changes to the new NUFs calculation methodology. Are you supportive of the proposed implementation date of 1 April 2017?
Franck Latrémoière	Non-confidential	It depends on how this change proposal affects charges. Receiving notice of a change with no opportunity to do anything about it might not be that useful.
Electricity North West	Non-confidential	Yes we are supportive of the proposed implementation date being 1 April 2017
Northern Powergrid	Non-confidential	We are not unsupportive of this revised implementation date of 2017. We can see the only reason to delay this change is to give the customers who will be adversely impacted by this an additional period of notice. However, while this additional notice period will be welcomed by those customers who would see a higher yearly charge due to DCP 138, there are a larger number of customers who can expect to see a reduction in their yearly charge. We would also have supported the original implementation date of April 2016, as we are supportive of the principles that it is fair that NUFs are allocated based upon actual utilisation of assets and are of the opinion that this should be implemented as soon as is reasonably practicable.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We are supportive of the implementation date.
SP Distribution	Non-confidential	Yes we are supportive of the implementation date proposed.

plc and SP Manweb plc		
UKPN	Non-confidential	We propose that the implementation date for this proposal is 1 April 2018. This implementation date would enable a longer notice period and avoid implementation during the change to the 15 month notice period. If the implementation date is deferred to 1 April 2018 then the basis of NUF cap and collar calculation needs to be modified to remove the row in the cap /collar table which references 2017/18. Please refer to the attached legal text for the proposed modification.
Western Power Distribution	Non-confidential	WPD are supportive of the implementation date of April 2017

Company	Confidential/ Anonymous	3. Do you have any further comments?
Franck Latrémolière	Non-confidential	<p>What is the likely impact of this change proposal on NUFs and on charges? I cannot find any recent information. I would not find it appropriate to rely on data from 2012, especially in the light of apparent significant changes in power flow modelling results in some DNO areas since then (e.g. the reduction in FCP charge 1 in WPD West Midlands) and changes in the customer base (many current customers/tariffs did not exist in 2012).</p> <p>Your consultation period is very short. This is not conducive to effective customer engagement. The customer engagement with your first consultation seems to have been limited, perhaps because of the lack of information about the impact of the proposed change.</p> <p>I could not find any analysis of whether implementation of the change would better meet the relevant objectives or improve the methodology. The 2012 report seems silent on the relevant objectives.</p> <p>Paragraph 3.4 of the consultation document says that the intent of the change is to “review the appropriateness of socialising spare capacity costs”. That does not seem right: the change would modify the allocation of costs, it would not “review” the “appropriateness” of anything.</p>

Electricity North West	Non-confidential	No
Northern Powergrid	Non-confidential	Not at this time
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	No further comments.
SP Distribution plc and SP Manweb plc	Non-confidential	None.
UKPN	Non-confidential	No.
Western Power Distribution	Non-confidential	No