

Company	Confidential/ Anonymous	1. Do you understand the intent of the CP?
Northern Powergrid	Non-confidential	Yes, we understand that the intent of this change was to review the appropriateness of socialising spare capacity costs when determining Network Use Factors (NUFs).
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	Yes.
SP Distribution / SP Manweb	Non-confidential	Yes we understand the intent of the CP
UK Power Networks	Non-confidential	Yes
Western Power Distribution	Non-confidential	Yes
Undisclosed	Confidential	Yes, clearly the Distribution Networks are seeking to allocate spare capacity more appropriately to those that may need it from security of supply and contingency perspective.

Company	Confidential/ Anonymous	2. Are you supportive of the principles of the CP?
Northern Powergrid	Non-confidential	Yes, we are supportive of the principles that it is fair that NUFs are allocated based upon actual utilisation of assets. The revised methodology takes account of asset usage under contingency conditions and removes the allocation of costs relating to the amount of capacity that is unused or spare.

Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	Yes.
SP Distribution / SP Manweb	Non-confidential	Yes we are supportive of the principles of the CP
UK Power Networks	Non-confidential	Yes
Western Power Distribution	Non-confidential	Yes
Undisclosed	Confidential	Understand the principles, but cannot be wholly supportive of the detailed outcomes. We are concerned that sites which have historic legacy connection arrangements may find themselves with an unfair amount of charging associated with spare capacity. Some sites have larger than necessary connection assets associated with past use of the network by other end users. In respect of those sites the costs associated with 'spare capacity' which is not required for purposes of supporting the sites MIC under contingency conditions, or to ensure an adequate security of supply, or is associated with over provision of capacity in that area due to low demand, to those specific sites should continue to be socialized. Additionally it seems to be suggested that those closest to the spare capacity should pay, when that capacity is not reserved for those users and may be allocated to any new connectee to the affected branches Looking over the impact assessment there are a number of EDCM sites which face increases above 10% some of which may fall into this category. Allocating all 'spare capacity' on the network to individual users on the basis of who is connected to may not therefore be appropriate in all cases.

Company	Confidential/ Anonymous	3. Do you consider that the proposal better facilitates the DCUSA Charging and General Objectives? Please give supporting reasons.
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Northern Powergrid	Non-confidential	<p>Charging Objective 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.</p> <p>The CP better meets Charging Objective 1 by allocating only the proportion of the asset modern equivalent asset value (MEAV) which is deemed to be used by a specific EDCM customer, in the calculation of Network Use Factors (NUFs).</p> <p>Charging Objective 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).</p> <p>The CP better meets Charging Objective 2 to facilitate competition by allocating the costs associated with unused capacity on the network to all demand users of the network (EDCM and CDCM) and preventing the over allocation of underutilised assets to individual EDCM customers. This means that any prospective connectees will be only being allocated costs (through Network Use Factors) for actual capacity used with respect to network assets, and not the allocation of spare capacity to all customers. This will ensure new connectees are only charged for the capacity they wish to utilise based upon maximum load conditions, ensuring that each EDCM customer (including new connectees) will be treated equally – based upon actual demand.</p> <p>Charging Objective 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.</p> <p>The CP better meets Charging Objective 4 by facilitating the industry requirement to be consistent with the principles of the network assessment.</p> <p>General Objective 1 - development, maintenance and operation by the DNO Parties and IDNO Parties of</p>
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		<p>efficient, co-ordinated, and economical Distribution Networks.</p> <p>The CP better meets General Objective 1 by reflecting the utilisation of distribution assets more efficiently and fairly in the calculation of NUFs.</p> <p>General Objective 2 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.</p> <p>The CP better meets General Objective 2 to facilitate competition by allocating the costs associated with unused capacity on the network to all demand users of the network (EDCM and CDCM) and preventing the over allocation of underutilised assets to individual EDCM customers. This will mean that any prospective connectees will be only being allocated costs (through Network Use Factors) for actual capacity used with respect to network assets, and not the allocation of spare capacity to all customers. This will ensure new connectees are only charged for the capacity they wish to utilise based upon maximum load conditions, ensuring that each EHV customer (including new connectees) will be treated equally – based upon actual demand.</p> <p>General Objective 3 - The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.</p> <p>The CP better meets General Objective 3 by satisfying the licence obligation on DNOs to review the charging methodologies and where appropriate introduce changes that improve the methodology.</p>
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	We agree with the Working Group analysis set out in the consultation.

SP Distribution / SP Manweb	Non-confidential	Yes we agree that the CP better meets the DCUSA Charging and General Objections as identified in the consultation, for the reasons listed.
UK Power Networks	Non-confidential	Yes. The revised approach has taken into account the real life network design and operation philosophies such as contingency situations. It consequently enables DNOs to allocate the asset costs, which are associated with spare asset capacities, to all demand customers. Therefore we believe that the revised approach is more cost reflective and more correctly allocates the costs to users of the network, as well as stabilising the inputs to the charging model which reduces unnecessary volatility. We would agree with the Working Group that this revised approach better facilitates Charging Objectives 1 to 4 and General Objectives 1 to 3.
Western Power Distribution	Non-confidential	Yes
Undisclosed	Confidential	Yes, however some of the detailed implementation raises question such as that recorded under 2 above.

Company	Confidential/ Anonymous	4. Are you supportive of the proposed implementation date of 1 April 2016?
Northern Powergrid	Non-confidential	Yes.
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	Yes.
SP Distribution / SP Manweb	Non-confidential	Yes we are supportive of the proposed implementation date

UK Power Networks	Non-confidential	Yes, especially as failure to implement this in 2016 would see it delayed until 2018 (due to the implementation of DCP178).
Western Power Distribution	Non-confidential	No. As this is such a high value change for some customers we believe that 1 April 18 would be a more appropriate implementation date.
Undisclosed	Confidential	It depends when any definition of cost impacts would be completed. Provided we have early enough notification of price change OK. However, would idaly require confirmation of any price iimpact by end September, and it is surely doubtful that that could be done.

Company	Confidential/ Anonymous	5. Do you have any comments on the proposed legal text?
Northern Powergrid	Non-confidential	Not at this time.
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	No.
SP Distribution / SP Manweb	Non-confidential	No comments on the proposed legal text
UK Power Networks	Non-confidential	No
Western Power Distribution	Non-confidential	No

Undisclosed	Confidential	No Comment.
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Company	Confidential/ Anonymous	6. Are there any alternative solutions or matters that should be considered by the Working Group?
Northern Powergrid	Non-confidential	Not at this time.
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	Not aware of any.
SP Distribution / SP Manweb	Non-confidential	None.
UK Power Networks	Non-confidential	No
Western Power Distribution	Non-confidential	No
Undisclosed	Confidential	We understand the principles, but cannot be wholly supportive due to the impact on a few sites. Looking over the impact analysis there are a proportion of sites facing large percentage increases in capacity charges under this proposal. We need assurance that sites which have historic legacy connection arrangements will not find themselves with an unfair level of charging associated with spare capacity. Some sites have larger than necessary connection assets associated with past use of the network by other end users who are no longer in-situ. In respect of those sites the costs associated with 'spare capacity' inherent in connections to those sites, which is not required for purposes of supporting the site's MIC under contingency conditions, or to ensure an adequate

		<p>security of supply at that site, or are associated with over provision of capacity in that area due to low demand, should continue to be socialized. Allocation of such spare capacity to users maybe should come from 'pool' of available capacity A further concern is that the impact of CDCM sites arising from this change to the EDCM regime/methodology is not properly assessed or made clear. For end users with a number of both CDCM and EDCM sites this uncertainty may be an issue. The above is reflective of where my understanding has got to as of today. The CP is a complex one and my responses may ideally need further time to develop. I have spoken to two DNOs with outliers that we are attached too and broadly there does seem to be an issue where EDCM users are attached to branches with a high degree of spare capacity. In my view that spare capacity is not reserved for current users of that branch and may be re-allocated to any new connectee. It would seem better that truly spare capacity is socialised equally across all users, rather than paid for by those closest to that spare capacity. Sites should pay for capacity required to service their current level of demand, their required MIC, and provide for adequate security of supply..</p>
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Company	Confidential/ Anonymous	7. Are you aware of any 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.
Northern Powergrid	Non-confidential	No
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	Not aware of any.
SP Distribution / SP Manweb	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by this CP

UK Power Networks	Non-confidential	No
Western Power Distribution	Non-confidential	No
Undisclosed	Confidential	No Comment.

Company	Confidential/ Anonymous	8. Do you have any further comments?
Northern Powergrid	Non-confidential	Not at this time.
Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc	Non-confidential	No.
SP Distribution / SP Manweb	Non-confidential	No further comments
UK Power Networks	Non-confidential	No
Western Power Distribution	Non-confidential	No
Undisclosed	Confidential	There remains a risk that CPs are completed by the DCUSA change process whilst many end users remain unaware

		of them, or cannot fully comprehend the impact on them. Prior to implementation DNO's need to ensure that every effort is made to explain to customers and sites which face large percentage changes in distribution charges why the change is necessary and be able to fully justify the change.
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