

DCUSA DCP 117 RFI Responses – Collated Comments

	<p>Parties are asked to consider and comment on the following options for progression. Points which should be included within your comments are:</p> <ul style="list-style-type: none"> The Working Group is of the opinion that the current methodology is not entirely cost reflective in the way it allocates customer contributions in respect of assets provided; <p>Do you agree with this assessment? Please provide supporting comments.</p>
Western Power Distribution	Western Power agrees with the assessment.
Option One	Option 1: Maintain the status quo; realising that this may not be the most cost reflective option.
Electricity North West	We agree that the current method M incorrectly skews the allocation of direct costs to HV and should be amended.
Northern Powergrid	The overall impact of the DCP 094 change proposal appeared to be minimal in the case of the LDNO tariffs and very small or negligible on core tariffs. In all but one of the DNOs the affected tariffs are those that we would expect to see change if the objectives of the proposal are to be met. Which suggests that there is reason to move away from the status quo.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Alternative approaches should be reviewed
SP Distribution/SP Manweb	If one of the other options proves that they better meet the relevant objectives then they should be progressed, otherwise maintain the status quo.
UK PowerNetworks	We recognise that there is scope to improve both the CDCM and Model-M.

Western Power Distribution	This option is not the most cost reflective but it is the easiest to implement.
Option Two	Option 2: The option put forward under DCP 094. To progress this option it will be necessary to undertake such analysis on the proposal to demonstrate to the Authority that this option better meets the relevant objectives.
Electricity North West	Electricity North West supported DCP094 and believe it better met the charging objectives. However, we recognised that the proposal still had some flaws as we stated in the consultation and could be improved upon.
Northern Powergrid	The overall impact of the DCP 094 change proposal appeared to be minimal in the case of the LDNO tariffs and very small or negligible on core tariffs. In all but one of the DNOs the affected tariffs are those that we would expect to see change if the objectives of the proposal are to be met. Which suggests that progression of this proposal, does have some merit.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	DCP 094 has some merit therefore we agree that further analysis is appropriate and a variant of this approach may result.
SP Distribution/SP Manweb	This option was previously rejected by parties and Ofgem, we would suggest not progressing. However, if the agreement is to progress than the analysis that Ofgem requires in the respect of the cost reflectivity of each approach should be undertaken.
UK PowerNetworks	We agree with this expectation.
Western Power Distribution	This is a simple approach that would be easy to achieve. The results of this approach are already known due to work carried out for DCP094 and it could be quickly progressed.
Option Three	<p>Option 3: Develop a solution for costs falling under the description '<i>Load related new connections & reinforcement (net of contributions)</i>' in the method M workbook which:</p> <ul style="list-style-type: none"> Assumes that costs incurred at the low voltage network tier are wholly contributed to (i.e. the net value of costs and contributions is zero); Assumes negative cost figures for each a network tier correspond directly and solely

	<p>to customer contributions are in excess of costs incurred at that network tier; and</p> <p>Allocates the customer contributions that are in excess of the LV costs to and between the higher network tiers; such allocation being carried out using appropriate cost drivers. An illustrative example of this is provided in Appendix B using MEAV as a cost driver. (When commenting on this option, please provide information on what you consider to be the most appropriate cost driver; for example, should it be MEAV?).</p>
Electricity North West	Option 3 is an improvement on option 2 (and DCP094) and would be a more cost reflective way of allocating the costs between voltage levels. Electricity North West would support this approach over option 2.
Northern Powergrid	Option 3 does seem to demonstrate more clearly the intent of this change. However it should be noted that to change the RRP tables at this stage would be of little benefit as there is still a mapping exercise to be carried out to map the RRP tables to the new Regulatory and Instruction Guidance tables (RIGs). The example needs to be extrapolated across DNOs to see if the impact is consistent.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	We agree further investigation of this option is worthwhile. Separating out HV costs in the RRP will be an issue. RRP Cost tables have changed over time and we understand a mapping exercise is planned which may help.
SP Distribution/SP Manweb	<p>Agree further investigation would be necessary, especially in establishing whether the HV costs in RRP cost table 2.4 could be separated into HV and HV/LV.</p> <p>The most appropriate cost driver we believe should be MEAV.</p>
UK PowerNetworks	Currently this is our preferred approach. However, we think that there is a requirement to test, or ask questions about some of the underlying assumptions.
Western Power Distribution	This is a more refined approach to option 2 and should be explored and compared to option 2. It may be the case that getting an approach this refined may take a great deal more effort and involve rewriting the model to no real benefit when compared to option 2. It would be useful if a preliminary level of analysis could be carried out to determine the viability and benefit to pursuing this complex a solution before agreeing that it is worthwhile.
Option Four	Option 4: request that DNO's carry out detailed analysis using actual cost data from past schemes to determine the percentage of costs that should be allocated to the appropriate network tiers.

Electricity North West	Electricity North West would not support the use of sample data from past schemes. This option is open to DNOs within the CDCM when determining customer contributions and for Electricity North West has proved to be extremely volatile year on year.
Northern Powergrid	This option would require a significant resource to be allocated with if no clear benefit is demonstrated this would be difficult to justify therefore should not be pursued.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	This option is not practical, very time-consuming and is unlikely to provide the detail information we seek. We believe in a lot of cases there is likely to be missing data. Unless there is a large sampling size, the figures used may not be cost reflective. This option should not be progressed.
SP Distribution/SP Manweb	This option is not practical, very time consuming and would require a large sampling size. We believe that this option should not be progressed.
UK Power Networks	This option may difficult to implement and may produce inconsistent results.
Western Power Distribution	This would be an arduous task as the data required is not stored in a format that can be electronically queried, so a manual exercise of going through all of the files would be required.
	Please provide your views on the options identified by the Working Group and details of any option that the Working Group has not considered.
Electricity North West	Electricity North West support's the development of option 3.
Northern Powergrid	Nothing further to add
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	N/A
SP Distribution/SP Manweb	None at this time.
UK Power Networks	We recognise that this is work in progress and support the working group's endeavours to better current DCUSA and CDCM conditions.
Western Power Distribution	The solution to this issue should be contained within the model and data that is readily available. Sometimes overly complex solutions that make sense in theory can fall down when applied, and we would caution against a level of modelling so complex that it requires separate spreadsheets to calculate it.