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DCUSA Consultation

DCP 108 - Availability of the Non-Intermittent
Generator Tariff

PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, 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 DCUSA Distributor and Supplier Parties, and to all other interested parties, in accordance with Clause 11.14 of the DCUSA seeking views on the implementation of DCUSA CP 108 'Availability of the Non-Intermittent Generator Tariff'.
- 1.3 This CP seeks to make the non-intermittent generator tariffs available to intermittent generators on request to the final DNO by the Supplier (or directly by the Generator if the Generator is the party to the DCUSA).
- 1.4 Parties are invited to consider the following:
 - 1.4.1 The legal drafting attached as Appendix B;
 - 1.4.2 The Working Groups' evaluation of DCP 108 against the DCUSA Charging Objectives as set out in Section 4; and
 - 1.4.3 The Consultation questions as set out in Section 6.
- 1.5 Parties should submit comments using the consultation response form attached as Appendix C - DCP108 Response Form. Responses should be sent to dcusa@electralink.co.uk no later **than 9 December 2011**.

2 SUMMARY

- 2.1 DCP 108 is based upon DCMF MIG Issue 13 which was discussed at the August DCMF MIG meeting. The members of the DCMF MIG concluded that this issue should be progressed formally through the DCUSA Change Process.
- 2.2 DCP 108 was raised by UK Power Networks and was submitted to the DCUSA Panel in September. The DCUSA Panel directed that a Working Group be established to assess and develop the Change Proposal.

- 2.3 DCP 108 proposes to permit meter registrants acting as the agent of the Intermittent Generator and as the use of system counterparty to the final DNO, to selectively have the option to take the non-intermittent generator tariff for individually nominated intermittent generator MPANs from a future date and to revert back to the intermittent generator tariff in a similar manner.
- 2.4 Providing Intermittent Generators access to the higher DUoS credits at time of system peak in the non-intermittent tariff will provide an additional incentive for operators to have their generation available at these times.
- 2.5 This change will be particularly appropriate for Generators with some level of control over the time period when they can provide generation; for example, Hydro Generators with limited storage or true intermittent generators combined with a small capacity storage technology. DCP 108 could potentially give these Generators an incentive to make generation available when it is of most benefit to the DNOs.
- 2.6 DCP 108 states that whilst it is appropriate to make available a single rate generation tariff (based on a uniform probability of operations across the year) to Intermittent Generators (where the operator has little control over operating times); it is not appropriate to deny Intermittent Generators access to the three rate tariff which potentially could offer materially greater generation credits if their exports coincide with the expected periods of high demand (during red time band periods).

3 LEGAL DRAFTING

- 3.1 Within the DCUSA Schedule 16, paragraph 146, table 7 "Half-hourly metered generation tariffs" and paragraph 147 tables 8 "LDNO LV connection" and 9 "LDNO HV connection" define the make up of the half hourly metered Generation Intermittent (with one unit rate) and the Generation Non-Intermittent (with three units rates) tariffs.
- 3.2 Paragraph 146, notes 2 and 3 describe the application of the two half-hourly generation tariffs according to whether the prime mover can be made available on demand (non-intermittent) or not (intermittent); in accordance to the definitions in Engineering Recommendation P2/6.

- 3.3 The proposed legal text will make amendments to Note 2 of paragraph 146 to detail the option and process for offering the non-intermittent tariff to intermittent generators.
- 3.4 The proposed legal drafting is attached as Appendix B.

4 EVALUATION AGAINST THE DCUSA CHARGING OBJECTIVES

4.1 The Proposer considers that DCP 108 has an impact on the following DCUSA Charging Objectives:

- 4.1.1 Objective 2¹: This CP better facilitates the objective by promoting competition in the generation of electricity by making peak rate credits available to more generators. This will better facilitate the competition of supply by creating more opportunities for Suppliers to differentiate their services whilst not restricting, distorting or preventing competition elsewhere.
- 4.1.2 Objective 3²: This CP better facilitates the objective by allowing an Intermittent Generator that selected the three rate option to build up a record of availability for peaks which in could be recognised in a future P2/7 planning standard. In addition, when on the three rate tariff, the lower rates for other periods than the single rate average is more cost reflective than the single rate average charge.

5 IMPLEMENTATION

- 5.1 The proposed implementation date is 01 April 2012.
- 5.2 However, as this CP does not affect either the CDCM Model or the prices charged, its implementation does not require DNOs to revise prices therefore, it does not need to be restricted to a 1 April or 1 October implementation date.

¹ 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).

² 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

6 CONSULTATION

6.1 This consultation seeks views from DCUSA Distributor and Supplier Parties, and all other interested parties, on the following questions:

- Do you understand the intent of DCP 108 - Availability of the Non-Intermittent Generator Tariff?
- Are you supportive of the principles of DCP 108 including the implementation date? If not, do you believe there are alternative ways of meeting intent DCP 108? Provide Supporting comments.
- Do you agree that the Legal Text meets the intent of DCP 108? Provide supporting comments.
- Do you agree that DCP108 better meets the DCUSA General and Charging Objectives? Please provide supporting comments along with your assessment against the objectives.
- Do you feel that by providing this type of tariff to intermittent generators provides more cost reflectivity to the CDCM model? Please provide supporting comments.
- If DCP 108 is accepted and implemented, how do you think that there should be guidelines or restrictions associated with the movement between tariffs? This can include allowing intermittent generators only to be able to move tariffs once, once a year or any other timeframe that you feel is appropriate.
- If DCP 108 is accepted and implemented, would there be any System and/or Regulatory Changes that will need to be made? What are the costs and timelines associated with these changes?
- Could it be considered unduly discriminatory to only provide optionality to one group of customers – intermittent generators? This will be the only set of

customers that have the option of a different tariff; do you agree that this is compliant with the CDCM methodology?

- Will this incentivise intermittent generators to generate more in the red time band? If this is the case, what type of generation would be able to react to this type of price signal?
- Should the single rate tariff be abolished and all generators are on a red/amber/green tariff?
- For Generators: If this type of tariff was available to you would you take advantage of it?
- Please state any other general comments or views on DCP 108.

6.2 The following two questions are outside of the intent of the CP and therefore the scope of the DCP 108 Working Group. These alternative methods, if employed, would require a withdrawal of the current CP, and an alternate CP to be raised. However, the Working Group thought it would be prudent to gather as much information about all variants of possible ways to resolve the issue identified by DCP 108.

- If Intermittent Generators were to have a three rate tariff (whether optional or not) should it be the same tariff, or one that is specifically designed for intermittent generators (this has not been designed, and is outside the immediate scope of this working group)?
- An alternative CP – to amend the definition of “intermittent generation” to state that it is classified as non-intermittent if there’s an element of storage associated with the generation. Please list any issues that may arise from changing this definition as detailed above.

- 6.3 Responses should be submitted using Appendix D to dcusa@electralink.co.uk no later than **9 December 2011**.
- 6.4 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.

7 NEXT STEPS

- 7.1 Following the end of the Consultation period the responses will be considered by the Working Group in preparation of their final report and recommendation to the DCUSA Panel. The Change Proposal will then be issued to the DCUSA Parties for voting.
- 7.2 If you have any questions about this Consultation or the DCUSA Change Process, please contact the DCUSA Help Desk by email: dcusa@electralink.co.uk or telephone: 020 7432 3011.

8 APPENDICES

Appendix A – DCP 108 Change Proposal

Appendix B – DCP 108 Legal Text

Appendix C – DCP 108 Response Form