

**DCUSA DCP 095 Consultation Responses – Collated Comments**

<b>Question One</b>	<b>Do you understand the intent of the CP and are you supportive of its principles?</b>
Electricity North West Ltd	We understand the intent of the CP and support its principles.
ES Pipelines	Yes
Inexus	Yes, we believe the intent is clearly stated and we support the proposed solution.
NEDL/YEDL	We understand the intent of the proposal and given that this appears to have been worked up to a level of detail that demonstrates increased cost reflectivity we feel it would better meet the DCUSA objectives.
UK Power Networks	UK Power Networks understands the intent of the change proposal and is fully supportive of its underlying principle - the calculation of more cost reflective DUoS charges.
The Electricity Network Company	Yes, we believe the intent is clearly stated and we support the principles. The proposal exposes a flaw in the current methodology and puts forward a pragmatic solution.
<b>Question Two</b>	<b>Do Supplier Parties consider themselves materially impacted by the CP and eligible to vote?</b>
Electricity North West Ltd	N/A
ES Pipelines	N/A
Inexus	Not applicable to IPNL as we are not a supplier party.
NEDL/YEDL	N/A

UK Power Networks	<p>UK Power Networks is of the opinion that Supplier Parties will be materially affected were this CP to be implemented and that it would, therefore, be appropriate for Suppliers to be eligible to vote on this matter.</p> <p>The intent of this CP is to increase the level of discounts given to LDNOs. Since the total revenue that a DNO is allowed to receive remains fixed (by the DNO's price control) the consequences of this CP are firstly to move costs from LDNOs to Suppliers and secondly to increase the 'all-the-way' prices.</p> <p>Given that the current LDNO market share is small the immediate financial impact on Supplier is also small; however as LDNOs' overall market share expands we would expect to see this small difference become larger with time.</p>
The Electricity Network Company	Not Answered. We are not a supplier party.
<b>Question Three</b>	<b>Do you agree with the level of data used in the Impact Analysis undertaken by DNOs on behalf of the Working Group? Provide supporting comments</b>
Electricity North West Ltd	We agree with the level of data used in the impact analysis
ES Pipelines	Yes. The data analysis exercise was carefully crafted by the working group to deliver a useful illustration of the impacts of the proposed change.
Inexus	Yes
NEDL/YEDL	The data collected by the working group is sufficient to make a sound impact assessment. DNOs provided data which has been used to model the impact on both the LDNO discounts and the resulting tariffs that are generated from the CDCM model. This enables parties to assess the impact on all customer categories and LDNO discounts, in order to make an informed decision on whether the change proposal can achieve the set objectives.
UK Power Networks	Yes
The Electricity Network Company	Yes.

	The analysis impacted directly on the Model M workbook. Although the workbook is outside the governance of DCUSA, the work group provided guidance on the steps required to undertake the impact analysis in the Method M workbook.
<b>Question Four</b>	<b>Do you agree with the associated impact assessment completed by the Working Group?</b>
Electricity North West Ltd	We agree with the impact analysis provided by the working group
ES Pipelines	Yes, the impact assessment is based on sound and consistent analysis across all DNO groups.
Inexus	The impact assessment appears to be generally consistent with our expectations; however the results from DNO 13 and 14 produced a smaller change in LDNO tariffs than anticipated. It will be for that Licensee to satisfy itself that the changes made to its model are consistent with those proposed by the CP.
NEDL/YEDL	The overall impact of this change proposal appears to be in line with expectation. The LDNO discounts for LV connections with LV users increased when applying the proposed methodology change which is reflective of the fact that LV service costs are not incurred by the upstream DNO.
UK Power Networks	UK Power Networks is in agreement that impact assessment conducted by the Working Group is correct in principle however we would question the Working Group's assessed impact on suppliers – see our points made in response to the second question, above.
The Electricity Network Company	<p>Each DNO has had to undertake its own analysis separately because the Method M workbook is outside the scope of DCUSA governance.</p> <p>Impact analysis was carried out by DNOs separately, with the outputs from such analysis being provided back to DCUSA secretariat on an anonymous basis. As such we are unable to agree or disagree with the impact assessment undertaken by DNOs. This is because we (and the workgroup) do not have full access to the data or the work undertaken separately by DNOs. Therefore we do not comment on the quality or the accuracy of the impact assessment.</p> <p>However, we are surprised at the results from DNO 13 and DNO 14. These changes to the</p>

	discount factors seem very low, particularly compared with the results of other DNOs. We believe these two DNOs are from the same DNO group where the data required to undertake such analysis is not made public by the DNO group concerned. Although the work group provided some guidance on how to undertake the analysis we do not know to what extent the DNO followed the guidance or to what extent the guidance was relevant to that DNO's model M.
<b>Question Five</b>	<b>Do you agree that the legal drafting in section Error! Reference source not found. is appropriate to meet the Intent of DCP 095?</b>
Electricity North West Ltd	We agree that the legal text meets the intent of DCP095
ES Pipelines	Yes
Inexus	Yes
NEDL/YEDL	We are in agreement with the legal drafting.
UK Power Networks	If the CP were to be implemented then UK Power Networks considers that the legal drafting would fulfil the intent of the change proposal.
The Electricity Network Company	<p>We agree that the legal drafting is appropriate.</p> <p>In respect of implementation, separate guidance may be required in respect of amending the Model M worksheet. However, we note that the DCUSA Panel has determined that the Method M Excel workbook, used to derive the LDNO discount factors, is outside the scope of DCUSA governance. Therefore, given that this workbook is outside the governance of DCUSA, changes to the workbook are also outside DCUSA governance.</p> <p>This is an unfortunate lacuna in DCUSA arrangements and is unhelpful since much of the detail of the methodology is embodied in the Model M workbook.</p> <p>Whilst this lacuna exists we believe it is important that each DNO make available up to date Method M workbook.</p>

<b>Question Six</b>	<b>Do you agree with the Working Group's assessment that DCP095 better meets the DCUSA General and Charging objectives as outlined in section Error! Reference source not found.? If not, please explain why and provide your assessment against the objectives.</b>
Electricity North West Ltd	We agree that DCP095 better meets the DCUSA general and charging objectives.
ES Pipelines	Yes
Inexus	We agree entirely with the Work Group's assessment against the relevant objectives. Under the current methodology the DNO receives a proportion of the allocation of the total LV costs (including services) which makes no sense when the DNO does not provide any of the LV services when extending its network to make a connection to the downstream LDNO.
YEDL/NEDL	By not including LV service costs the methodology recognises that the costs are borne by the LDNO and not the upstream DNO. This could improve cost reflectivity and in turn better facilitate effective competition.
UK Power Networks	UK Power Networks agrees with the Working Group's assessment that DCP 095 does better meet the DCUSA Charging Objectives. All service costs are borne by the final DNO and reflecting this in the CDCM improves cost reflectivity.
The Electricity Network Company	We agree that DCP095 better meets the objectives as outlined in Section 6.  Under the current methodology the DNO receives a proportion of the allocation of the total LV costs (including services). We see no justification as to why the upstream distributor should receive an allocation of costs which relate to assets it does not provide.
<b>Question Seven</b>	<b>Do you believe that the intent of DCP 095 is adequately met, or that there are</b>

	<b>alternative ways of meeting the intent of DCP 095?</b>
Electricity North West Ltd	The intent of DCP 095 has been adequately met.
ES Pipelines	The intent of DCP 095 was intentionally narrowly drafted and the proposed solution is the optimum way of meeting this intent.
Inexus	Yes
NEDL/YEDL	By separating LV costs into LV service costs and LV mains costs and then applying a split only to LV mains costs the proposal reflects the fact that service costs are incurred by the LDNO and not the host DNO.
UK Power Networks	Yes, we believe that the intent of DCP 095 is adequately met.
The Electricity Network Company	We believe the intent of DCP095 is met (subject to further clarification of the approach and analysis undertaken by DNO 13 and DNO 14)
<b>Question Eight</b>	<b>Please state any other comments or views on the Change Proposal?</b>
Electricity North West Ltd	N/A
ES Pipelines	N/A
Inexus	N/A
NEDL/YEDL	N/A
UK Power Networks	As requested by the Working Group UK Power Networks has modelled the impact on DCP096 in isolation. We would ask whether the Working Group has considered the cumulative impacts of DCP094, DCP095, DCP096, DCP097 and any other DCPs currently in progress with target implementation dates of 1 April 2012 on DUoS Charges, and whether parties voting may be influenced by the lack of knowledge on cumulative impacts.

The Electricity Network Company	We believe the change proposal clearly sets out the rationale for this change. The anomalous results produced by DNO 13 and DNO 14 highlight the lack of transparency in the current Method M models and the inability for parties to do this