

DCP 066 Consultation: Collated Responses

	Question 1	Do you understand the intent of the CP and are you supportive of its principles?
1	British Gas	Yes, we understand the intent of the CP and are fully supportive of its principles
2	Central Networks	We do not support the intent of this modification proposal
3	EDF Energy Networks	<p>We do understand the intent of the CP and support the intention to make the current disclosure requirement more understandable and give a better understanding of potential volatility.</p> <p>The expectation that the data provided will be able to be tracked back to the EDCM and CDCM is however limited in that only data for full year prices will ever tie in and then only for the months coinciding with the setting of these prices.</p>
4	Electricity North West Ltd	<p>We understand the intent of the CP and support any appropriate initiative that seeks to improve customer service to users of our electrical network.</p> <p>We particularly support the inclusion of relevant year $t - 1$ into table one and the expanding of the number of line items within the table, especially the increased visibility of the carried forward correction factor (line item C).</p> <p>We are however less supportive of the submission frequency. Providing table 1 on a monthly basis is inappropriate for a number of reasons. (1) it provides little value especially in the early months of a charging year (2) it is too onerous, current business processes do not require or support monthly reforecasts, so it will inevitably lead to increased business support costs and (3) it is not necessary – the nature of our business does not necessitate monthly changes as forecast estimates do not move that frequently.</p>
5	ESP Electricity Ltd	Yes
6	E.ON UK	Yes
7	Haven Power	Yes
8	IPM Energy Retail Ltd	Yes, fully supportive of this CP.
9	Npower	We understand the intent of the CP and are supportive of its principles.
10	SP Distribution / SP Manweb	<p>We are supportive of the principles of assisting Users in better understanding the risks around future DUoS charges. However, the approach to addressing this needs to be proportionate. It is not appropriate for the specified process to require significant resources on the part of DNOs to administer where this yields limited benefits to Users. Unfortunately, the template tables include a number of errors or incomplete elements and we consider they are unlikely to be helpful to Users in its current form, i.e.:</p>

		<ul style="list-style-type: none"> No account is taken of DG revenue, for example. It unclear what "connections incentive" revenue stands for. The major part of the Low Carbon Network fund element in allowed revenue is set by Ofgem based on submissions by DNOs for funding, but it is listed as "Incentive Revenue". There are number of errors of terminology, such as the use of the term "Relevant Year" rather than "Regulatory Year". Table 2 (supposed to be published quarterly) includes an "Other" revenue term that is meant to be the balance between the incentive revenue categories listed and the total "collected revenue forecast". However, as the components of this are meant to be specified, this effectively becomes similar to the disaggregated structure of Table 1 with added ranges of "low" and "high" figures. It is unclear how "low" and "high" are meant to be interpreted.
11	SSE Energy Supply	Yes.
12	Western Power Distribution (South West) plc Western Power Distribution (South Wales) plc	We understand the intent of the CP and are generally supportive of its principles
	Question 2	Do you consider that the proposal better facilitates the DCUSA objectives? Please provide supporting comments
13	British Gas	<p>The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.</p> <p>We consider that the CP better facilitates the DCUSA objectives. In particular we believe it better facilitates the second DCUSA objective (above). We believe that providing additional information about the level of future charges, and the risk around them, improves suppliers understanding and removes some risk. This facilitates effective competition in supply.</p> <p>We believe this proposal builds on the information provided under DCP 030 which has resulted in the regular and transparent provision of relevant information on revenues and charges to those that are directly affected by these significant costs. This has helped ensure that all suppliers are operating in a level playing field when forecasting distribution price changes and as a result minimising pricing distortion.</p>
14	Central Networks	<p>We do not believe the proposal better meets the objectives.</p> <p>The most likely objective for this modification to hit is objective 2.</p>

		However, we do not believe that the provision by DNOs of more information on a more frequent basis, and the inclusion of 'high' and 'low' scenarios will help competition in supply. On the contrary, such information is likely to be excessive and indigestible for all but the largest suppliers, and may be misleading. As such it would not help promote completion in supply, but may serve to strengthen the dominance of large players, who are best placed to interpret and respond to frequent information.
15	EDF Energy Networks	<p>Our view from the original DC030 consultation stands.</p> <p>The only applicable DCUSA objective is 2. The key consideration is whether competition is enhanced by transparency. If the view is yes then DCP030 better facilitates the objective. If however, more transparency diminishes the opportunity for competitive advantage by levelling the playing field to remove any advantage of those who are good at predicting these changes, then DCP030 does NOT better facilitate objective 2.</p> <p>Whilst we understand the proposer's desire for transparency, we consider on balance that the diminution in the opportunity for competitive advantage means that DCP030 DOES NOT better facilitate the DCUSA Objectives.</p>
16	Electricity North West Ltd	As the CP currently stands it does not better facilitate the DCUSA objectives. Increased business support costs will not lead to a more efficient and economical Distribution System, and the publication of additional cost information to all suppliers may lead to a restriction in supply competition, as all parties will have access to the same information potentially disadvantaging those who have strategies that rely on their own market intelligence. This could lead to less differentiation between suppliers.
17	ESP Electricity Ltd	<p>2) The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.</p> <p>Suppliers being able to better understand the element of risk associated with DUoS charges will provide them with a firmer ground on which to base their business revenue forecasts and thereby better facilitate effective competition.</p>
18	E.ON UK	No it does not better facilitate but is neutral.
19	Haven Power	Yes, this CP better facilitates objective 2 as it provides more regular cost information such that suppliers can better forecast their DUoS costs.
20	IPM Energy Retail Ltd	4) The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.

		IPM Energy Retail believes that this CP promotes objective four set out above. In particular the transparent information that can be used to better pass on more accurate costs to customers.
21	Npower	We believe that this proposal better facilitates objective 2 as the provision of additional cost information at a lower granularity than currently provided will create more transparency. It will also enable parties to better understand volatility connected with the CDCM DUoS tariffs.
22	SP Distribution / SP Manweb	We do not believe that, in any of the supporting documentation, the shortcomings of the existing process have been adequately set out, nor do we have sufficient clarity of the rationale for the proposed changes or the perceived benefits to Users. Accordingly, we do not consider we are in a position to determine whether or not the proposal better facilitates any of the DCUSA objectives.
23	SSE Energy Supply	Yes
24	Western Power Distribution (South West) plc Western Power Distribution (South Wales) plc	The CP should allow users to track revenues from Price Control to CDCM/EDCM using information provided by DNOs. It will therefore help users to meet DCUSA objective 2; "The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity."
	Question 3	Do you have any comments on the proposed legal text?
25	EDF Energy Networks	In the table 1 drafting the note to item "CDCM Revenue" states that this should be the value used in CDCM. The two values may be the same but will not always be the same. If this and the EDCM values are intended to be those used in the price setting then they can only be for the full year April pricing and they will not necessarily add up to the Final Allowed Revenue Forecast in table 15.1 except at the time when April prices are being set. We need to clarify whether the values E1 and E2 are to be the EDCM/CDCM element of Final Allowed Revenue Forecast as disclosed or a note of the values used in the EDCM/CDCM models.
26	Electricity North West Ltd	The list of definitions is not aligned with the rest of the clause. For example Generation Use of System is defined but does not appear in the clause. Table 1 – Distributed Generation incentive missing from section D Table 1 – E1 (EDCM revenue) and E2 (CDCM revenue) are not defined. Should $E1 + E2 = E$ (Final allowed revenue forecast.). Is so this should be stated. Table 1 – Final row – Overall % to DUoS effective 1 st April of relevant year to balance (H)*. Item H does not exist and

		there is no explanation of the *.
	Question 4	Do you require any additional information to be provided under DCP 066?
27	British Gas	All significant incentive schemes should ideally be included. Revenues through the Distributed Generation Incentive scheme should therefore be included.
28	Central Networks	No
29	EDF Energy Networks	No
30	Electricity North West Ltd	If no cost estimate changes are made for a particular month is there a requirement to submit a new table 1, or would it be sufficient to notify the DCUSA secretariat that there is a nil return for the month?
31	ESP Electricity Ltd	No
32	E.ON UK	No
33	Haven Power	No
34	IPM Energy Retail Ltd	No
35	Npower	We do not require any additional information to be provided.
36	SP Distribution / SP Manweb	We consider this question to be "not applicable" to DNOs.
37	SSE Energy Supply	No
38	Western Power Distribution (South West) plc Western Power Distribution (South Wales) plc	No
	Question 5	Are there any alternative solutions or matters that should be considered by the Working Group?
39	Central Networks	Monthly provision of the information envisaged in the modification would place a disproportionate burden on DNOs. We would be happy to provide the augmented set of data set out in the modification proposal, barring the high and low scenarios, on the current quarterly basis. This would be a proportionate improvement to the current arrangements.

40	Electricity North West Ltd	We would propose retention of quarterly publication of tables 1 and 2. An alternative suggestion is to move publication back one month to May/Aug/Nov/Feb. This would enable more up to date information to be available as these dates more closely align to our financial year end (March), Revenue RIGs submission to Ofgem at the end of July, and the issuing of UoS Charging Statements by the end of Dec and mid February.
41	ESP Electricity Ltd	Not that we are aware of.
42	Npower	We do not feel that there are any alternative solutions or matters that should be considered by the working group.
43	SP Distribution / SP Manweb	We consider that the Working Group should give consideration to the introduction of an obligation (within Clause 35A) on all Users to collectively carry out an annual review of the effectiveness of any changes resultant from this DCP066 Change Proposal. If results reveal insufficient evidence of real benefit being delivered to Users, the changes resultant from DCP066 should fall away and be replaced by the existing Clause 35A drafting.
	Question 6	Are you supportive of the proposed implementation date of 04 November 2010'?
44	British Gas	Yes- implementation should be as soon as possible
45	Central Networks	No
46	EDF Energy Networks	The November implementation is feasible though a January start might be less confused bearing in mind that November/December is the time in which April Prices are being calculated.
47	Electricity North West Ltd	If approved in its current form we are supportive of a November 2010 implementation. This implementation date would also be appropriate for implementation of our alternative solution.
48	ESP Electricity Ltd	Yes
49	Haven Power	Yes
50	E.ON UK	This may be too early for Distributors, but otherwise we are comfortable with this date.
51	IPM Energy Retail Ltd	Yes
52	Npower	We are supportive of the proposed implementation date.
53	SP Distribution / SP Manweb	Yes.
54	SSE Energy Supply	Yes

55	Western Power Distribution (South West) plc Western Power Distribution (South Wales) plc	Yes
	Question 7	Please state any other comments or views on the Change Proposal.
56	EDF Energy Networks	As suggested above any expectation that the table 15 data and CDCM/EDCM inputs will agree is largely unfounded, the table 15 data will coincide with EDCM & CDCM data only at a certain point in the year. We would like to make it clear that we believe that the publication of the data monthly is too often and that we would not expect the data to change with every month's publication.
57	Electricity North West Ltd	In terms of frequency of publication a number of responses to the DCP030 consultation stated that quarterly reporting was excessive. No arguments appear in this CP to suggest that monthly reporting is now required.
58	IPNL Energy Retail	IPNL would like to confirm a vote/view of no interest for DCP 066.
59	SP Distribution / SP Manweb	The requirement for DNOs to publish, on a monthly basis, their 'best view' of detailed price control components will require significant resources and management time. We do not believe the benefits to Users in so doing have been established.
60	SSE Energy Supply	The extra information provided under this CP will help us control our exposure to fluctuations in DUoS prices.
61	Western Power Distribution (South West) plc Western Power Distribution (South Wales) plc	In general terms, setting aside the fact that it means extra work, we are very supportive of the idea. However, we are not sure if moving to a monthly report will be of much use to the user as there may not be that many changes made.