**DCUSA DCP 189 Consultation Responses – Collated Comments**

|  |  |  |
| --- | --- | --- |
| **Company** | **Confidential?** | **Question One - Do you understand the intent of the CP?** |
| WPD | Non Confidential | Yes |
| ENWL | Non Confidential | Yes |
| SP Distribution / SP Manweb | Non Confidential | Yes, we understand the intent of the CP. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid understands the intent of the change proposal to provide more cost reflective charges to customers who have been identified as paying upfront O&M payments. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes |
| UK Power Networks | Non Confidential | Yes, we understand the intent of the change proposal. |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Two - Are you supportive of the principles established by this proposal?** |
| WPD | Non Confidential | Yes |
| ENWL | Non Confidential | Yes |
| SP Distribution / SP Manweb | Non Confidential | Yes, We are supportive of the principles of the CP. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, this change proposal seeks to address an existing industry issue and provide an enduring solution to this moving forward. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes |
| UK Power Networks | Non Confidential | We are supportive of the principles where the intent is to not recover charges for assets that an EDCM customer has already paid for and where it is practical to implement. However we are concerned that this change might set a precedent for reviewing the 2005 connection / use of system boundary policy change with regard to how all other customer’s (CDCM) charges might be affected. Consequently the application of the proposal to EDCM demand customers should be reconsidered in light of how previous connection / use of system boundary changes have been applied including the application of revised use of system charges without adjustment for the connection policy at the time of connection. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Three - Do you agree that the default position under DCP 189 should be that all exempt pre-2005 EDCM generators should be exempt from the fixed charge component of the SUA charges in their import charges?** |
| WPD | Non Confidential | Yes |
| ENWL | Non Confidential | Yes. Ofgem have made a decision that any pre-2005 connected generator should be exempt from export charges for 25 years and this time period was selected as representative of the duration over which DNOs tended to capitalise any upfront O&M payment. It is sensible that this principle should apply to the import charge as well as the export charge and therefore these customers should default to exempt. |
| SP Distribution / SP Manweb | Non Confidential | Yes, given the same principles apply we believe a consistent approach should be used. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid agrees that the default position under DCP 189 should be that all exempt pre-2005 EDCM generators should be exempt from the fixed charge component of the SUA charges in their import charges.The reason being is that the pre 2005 generators are deemed to have already paid their O&M on their sole use assets (SUA) and therefore it would be unfair for them to be paying for this through their import fixed charge based upon their agreed import capacity. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes |
| UK Power Networks | Non Confidential | No. We feel that the ‘blanket’ application of revised use of system demand charges to exempt generators at the time of EDCM introduction was in line with how previous connection / use of system policy changes were implemented. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Four - Do you agree that the treatment of O&M for customers that have requested assets above the minimum scheme is out of scope for DCP 189?** |
| WPD | Non Confidential | Yes |
| ENWL | Non Confidential | Yes. The Common Connection Charging Methodology should be modified to exclude capitalised O&M for EHV customers through a separate DCUSA change proposal. |
| SP Distribution / SP Manweb | Non Confidential | Yes, this change proposal does not include the sole use assets of sites that were installed above the minimum scheme, as the O&M for these sites is based on network rates and not operation costs.  |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid agrees that the treatment of O&M for customers that have requested assets above the minimum scheme is out of scope of this change proposal.The EDCM was not designed to recover O&M for assets installed at the customer’s request which are above the minimum scheme. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes, this is a matter covered by the common connection charging methodology. |
| UK Power Networks | Non Confidential | Yes |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Five - Do you agree with the Working Group’s recommendation to not amend tariffs retrospectively?** |
| WPD | Non Confidential | WPD believe that tariffs are not normally adjusted retrospectively for changes in methodologies but WPD would also not object if they were in this case. WPD agree with the approach that this subject would need to considered in the OFGEM decision. |
| ENWL | Non Confidential | Yes. This would not be practical. |
| SP Distribution / SP Manweb | Non Confidential | Customers are charged in line with the current methodology. Where the methodology is changed, this change is not normally applied retrospectively; as such this approach should be maintained. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid agrees with the working group’s recommendation not to amend tariffs retrospectively. As none of the following three conditions have been met, there is no justification to amend tariffs retrospectively.• Where there had previously been deliberate intent to apply something that was known to be wrong;• Where it was reasonable to foresee that the application of something was wrong; or• Where Ofgem had been clear throughout that the intention was to retrospectively apply the modification if approved. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes, it would not be appropriate to apply a retrospective change on a decision made by Ofgem which the DNOs have complied with. (Reference: decision on time-limited exemption from UoS charges for pre-2005 generators letter from Ofgem dated 16th March 2012). |
| UK Power Networks | Non Confidential | Yes. Policy and methodology changes should generally be applied from a given date going forward. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Six - Do you agree with the proposed approach to customers providing evidence where they believe that they have paid upfront O&M?** |
| WPD | Non Confidential | Yes |
| ENWL | Non Confidential | Yes. If customers can prove that they paid capitalised O&M when they connected, they should not be charged for it again through DUoS charges. |
| SP Distribution / SP Manweb | Non Confidential | Yes, if a customer believes they have paid upfront O&M, they should have evidence supporting this belief. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid believes that customers should provide evidence where they believe that they have paid upfront O&M. The working group should consider placing a deadline on the provision of this data in order to ensure that it is captured in time for the charge setting rounds. (For example - Currently opt-in for generation exempt sites states that they should inform the DNO prior to the end of November in order for it to be reflected in tariffs for the following April) |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes, the customer should provide written evidence (the original connection contract and associated correspondence, for example) to prove they have paid O&M, preferably detailing the value involved. |
| UK Power Networks | Non Confidential | Yes. If the proposal is approved for implementation then customers would be best placed to provide auditable evidence of the assets that they have paid for. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Seven - Are there any unintended consequences of this proposal?** |
| WPD | Non Confidential | No |
| ENWL | Non Confidential | Not that we are aware of. |
| SP Distribution / SP Manweb | Non Confidential | None at this time. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | None that we are aware of at this time. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | We are not aware of any. |
| UK Power Networks | Non Confidential | The unintended consequences of this proposal are that it could trigger the revisiting of the ‘correct’ use of system charges for any site where there has been a change in the connection / use of system boundary since the site was connected.This reviewing of charges could work both ways although it would be unlikely that a customer would seek higher use of system charges if they had connection charges which had been subject to previous tariff support schemes. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Eight - Do you consider that the proposal better facilitates the DCUSA objectives?****Charging Objectives:**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**
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)**
3. **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**
4. **That, so far as is consistent with paragraphs 13A.6A to 13A.9, the CDCM, so far as is reasonably practicable, properly take account of developments in each DNO Party’s Distribution Business**
5. **That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.**

**General Objectives:**1. **The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks**
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**
3. **The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences**
4. **The promotion of efficiency in the implementation and administration of this Agreement**

**Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.** |
| WPD | Non Confidential | WPD agree with the working group’s assessment in that it better facilitates Charging Objective 3 and General Objective 3. |
| ENWL | Non Confidential | We agree with the Working Group that this change proposal better meets charging objective 3 and general objective 3 as it will prevent customers being charged for capitalised O&M upfront and then paying again for the same cost through use of system charges. |
| SP Distribution / SP Manweb | Non Confidential | Yes, General Objective Three & Charging Objective Three as this change will ensure that customers are not charged twice by the DNO for operation and maintenance of the network. |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Charging ObjectivesThis change proposal better facilitates charging objective 3.General ObjectivesThis change proposal better facilitates general objective 3. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes |
| UK Power Networks | Non Confidential | We do not feel that there is enough evidence that it better meets the objectives and could distort competition to the extent that some EDCM customer’s charges would be adjusted where an equivalent customer under the CDCM would not. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Nine - Do you have any comments on the proposed legal text?** |
| WPD | Non Confidential | No |
| ENWL | Non Confidential | No |
| SP Distribution / SP Manweb | Non Confidential | No |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | The first line of the proposed legal text suggests ‘Amend 16.10 in Schedule 17 and 18 as follows:’ We feel that this should read ‘Amend 16.10 in schedule 17 and 16.9 in schedule 18’ to take account of both the FCP and LRIC methodologies. This appears to be because paragraph 16.5 has been split into two paragraphs in Schedule 17 and not in Schedule 18.e.g. para 16.6 in Schedule 18 starts with:Next, a residual revenue contribution rate is calculated as follows: |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | No |
| UK Power Networks | Non Confidential | No |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Ten - Are there any alternative solutions or matters that should be considered?** |
| WPD | Non Confidential | No |
| ENWL | Non Confidential | No |
| SP Distribution / SP Manweb | Non Confidential | No |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | No, not that we are aware of at this time. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | No |
| UK Power Networks | Non Confidential | We feel that the ‘blanket’ application of the EDCM to demand customers was the correct and transparent approach, and followed how previous policy changes had been applied. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Eleven - Are you supportive of the proposed implementation date of 1 April 2015?** |
| WPD | Non Confidential | Yes if the new model is available prior to December 2014 |
| ENWL | Non Confidential | Yes |
| SP Distribution / SP Manweb | Non Confidential | Yes |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | Yes, Northern Powergrid supports the proposed implementation date of 1st April 2015 as the number of customers affected by this change proposal is not significant and the sooner an enduring solution is implemented the better. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | Yes, provided approval from Ofgem is received by November 2014 in time for the processes involved in setting the DUoS charges which DNOs are obliged to (or may become obliged to, given the pending decision on DCP178) notifiy to relevant parties by 31 December 2014. |
| UK Power Networks | Non Confidential | Whilst we are able to implement the proposal on 1 April 2015 consideration needs to be given to a reasonable lead time for customers to provide auditable evidence. Implementation on 1 April 2016 would allow a reasonable time period for customers to be contacted and provide the required auditable evidence. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Twelve - Do you have any comments on the proposed EDCM model?** |
| WPD | Non Confidential | No |
| ENWL | Non Confidential | No. We have reviewed the EDCM model and are happy with it. |
| SP Distribution / SP Manweb | Non Confidential | No |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | No, not at this time. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | No |
| UK Power Networks | Non Confidential | No |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
| **Company** | **Confidential?** | **Question Thirteen - Please state any other comments or views on the Change Proposal.** |
| WPD | Non Confidential | N/A |
| ENWL | Non Confidential | No comments |
| SP Distribution / SP Manweb | Non Confidential | We have no further comments |
| Northern Powergrid on behalf of Northern Powergrid (Northeast) Ltd and Northern Powergrid (Yorkshire) plc | Non Confidential | None. |
| Scottish Hydro Electric Power Distribution plc and Southern Electric Power Distribution plc | Non Confidential | No additional comment |
| UK Power Networks | Non Confidential | We have no further comments. |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |