



## Attachment 1- DCP 358 Collated Party Votes (Parties)

Voting end date: 12 June 2020

DCP 358 'OFGEM TARGETED CHARGING REVIEW IMPLEMENTATION: DETERMINATION OF BANDING BOUNDARIES'	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION	Accept	Accept	Accept	No votes received	Not eligible
IMPLEMENTATION DATE	Accept	Accept	Reject	No votes received	Not eligible
RECOMMENDATION	<p><b>Change Solution – Accept.</b></p> <p>For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposed variation (solution) was more than 50%.</p> <p>DCUSA Parties' have voted and recommend to the Authority to determine that the proposed variation (solution) is accepted for DCP 358.</p> <p><b>Implementation Date – Accept.</b></p> <p>For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50%.</p> <p>DCUSA Parties' have voted and recommend to the Authority to determine that the implementation date is accepted for DCP 358.</p>				
PART ONE MATTER OR PART TWO MATTER?	<b>Part One Matter</b> – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
<b>DNO PARTIES</b>				
Electricity North West	Accept	Accept	We believe Charging Objective 1 will be better facilitated by this Change Proposal as it will enable compliance with Licence obligations in respect of the SCRs and that the impact on the other Charging Objectives will be neutral.	We support the implementation date as it's consistent with an April 2022 go-live of the overall TCR methodology as set out in Ofgem's TCR Direction to us and the other DNOs. However, due to the impact of COVID-19 on units distributed, which will impact the banding for non-domestic customers and the relative recovery of the residual between different types of customer, we believe the implementation date for the TCR methodology should be delayed to April 2023. This has the benefit of aligning to the implementation of the Access SCR. If Ofgem choose to stay with an April 2022 implementation for the TCR then we believe charges should be amended in December 2021 when the COVID-19 impacts should have stabilised. This may require subsequent modifications to some of the dates.
Northern Powergrid (Northeast) Ltd	Accept	Accept	We agree with the proposer that DCP358 will better facilitate DCUSA Charging Objectives one and two; with no impact on the others.	No.
Northern Powergrid (Yorkshire) plc	Accept	Accept	<p>DCUSA Charging Objective one is better facilitated by ensuring that DNOs are compliant with licence requirements in relation to SCRs; implementing specific requirements set out in the TCR Direction.</p> <p>DCUSA Charging Objective two is better facilitated by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market.</p>	

SP Manweb	Accept	Accept	We agree with the Change Proposal that DCUSA Charging Objectives 1 and 2 are better facilitated.	
SP Distribution	Accept	Accept		
Southern Electric Power Distribution plc	Accept	Accept	DCUSA Charging Objectives 1 & 2 appear to be better met.	None
Scottish Hydro Electric Power Distribution plc	Accept	Accept		
Eastern Power Networks	Accept	Accept	We believe that Charging Objective One will be better facilitated by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction. We do not believe that any other Charging Objectives are better facilitated or impacted as a result of this DCP.	We would like to highlight that due to the impact of the Covid-19 pandemic on consumption data, that the appropriateness of the data extract for April 2022 charges may be detrimental to some customer groups. As such we believe it may be beneficial to use an alternative window for determining the banding and minimising any customer detriment.
London Power Networks	Accept	Accept		
South Eastern Power Networks	Accept	Accept		
WPD South West	Accept	Reject	Charging objective 1 as the DNOs are fulfilling objectives place on them by OFGEM	The decision to place an obligation on DNOs to implement the TCR was made prior to the situation Covid 19 pandemic. The sales the DNOs customers were observing prior to the lockdown, during the lockdown and following could be very different. Therefore it is recommended the implementation of the TCR be delayed until sales following the pandemic have stabilised.
WPD South Wales	Accept	Reject		
WPD West Midlands	Accept	Reject		
WPD East Midlands	Accept	Reject		

IDNO PARTIES				
The Electricity Network Company Limited	Accept	Accept	We believe that DCUSA Charging Objective 1 is better facilitated by this change as it helps facilitate a change directed by Ofgem. We believe that the impact on the other charging objectives is neutral.	None
ESP Electricity Ltd	Accept	Accept	ESPE agrees with the Working Group in noting that Charging Objective 1 will be better facilitated by the implementation of this change.	None.
Leep Electricity Networks Ltd	Accept	Accept	Objective 1: Helps ensure parties are compliant with licence conditions following TCR; Objective 2: Ensuring network costs are recovered fairly from users.	None.

SUPPLIER PARTIES				
British Gas	Accept	Accept	Charging Objectives 1 is better facilitated as this change is required to implement the TCR Direction	<p>The impact of the country-wide lockdown resulting from Covid-19 is likely to have a significant impact on the annual consumption of the population of LV no-MIC customers in particular. Therefore, there is a concern that the EAC snapshot proposed for the initial setting of bands (DCP358) and allocation to bands (DCP360) may represent a distorted dataset. We understand that Ofgem are continuing to consider this issue.</p> <p>We have also identified a minor legal text issue. As this relates to the review of band boundaries applicable from April 2026, we consider it can be dealt with as a housekeeping change after the modification has been implemented.</p> <p>Paragraph 3.1 of the legal text states:</p> <p><i>3.1 On or before 31 March in the Regulatory Year (t-2) two years prior to the commencement of the onshore electricity transmission owner price control period (t)...</i></p>

				<p>The date “31 March” should be changed to “1 April”, or alternatively the wording “(t-2) two years” should be changed to “(t-3) three years”. This is because 31 March in year Regulatory Year t-2 is actually 31 March 2025, which is not the intent of the clause and is also too late for DNOs 15-month tariff notification requirement.</p>
E.ON UK / Npower	Reject	Reject	We do not believe TCR better facilitates the DCUSA charging objectives.	<p>There is a major issue with the timing of these TCR changes which that could not have been anticipated at the time of the Ofgem decision. Covid-19 is causing large unprecedented changes to customer’s consumption / pattern of use.</p> <p>The accuracy of the band setting process, and the allocation to the banding groups, could now be seriously flawed in the new post Covid-19 environment since a customer’s demand or required capacity moving forward could change widely from the snapshot data that was used to set the bands or to allocate the customer.</p> <p>The TCR solution is being put in fundamentally to disincentivise some customers from reducing down their demand to avoid paying residual charges which in principle we are supportive of. however, in this current economic crisis, the large drops in demand from business customers will have little to do with whether or not they were trying to avoid paying electricity residual charges.</p> <p>The boundaries are being set using August 2020 data. In many cases this data is not representative of the past (e.g. it may already include drops in consumption data if meter readings have already started to feed into settlements). Nor will it be representative of the future – consumption may differ considerably moving forward as businesses recover from the consequences of the pandemic. Businesses may also be more likely to reduce their MIC / kVA level in the future. There is also currently a shift of consumption from residential to business. In summary, given the unrepresentative data being used to set bandings, and future economic uncertainty, it is highly unlikely that the bandings that are calculated are a fair</p>

				<p>representation of the banding splits that form the basis of the TCR banding decision.</p> <p>We believe it is important to provide a period of grace to allow organisations to review their estate and their operations and, where necessary, relinquish any no longer needed MIC capacity before TCR is implemented. Otherwise, many customers may be locked into higher consumption or capacity bands for a long period of time. For that reason, we suggest that Ofgem should look at delaying implementation of the modification until Covid-19 impacts settle. This will allow more realistic bandings, that are representative of a post-covid world, to be achieved.</p>
Equinicity	Accept	Accept	1	We agree the proposal carries out the direction and decision issued by Ofgem.
Good Energy Ltd.	Reject	Reject		<p>In spite of the assurances in the final report, and in the terms of reference, it is not clear the impacts of this modification on greenhouse gas emissions have been adequately assessed either relating to this modification individually, or as a result of its part in the wider TCR change process.</p> <p>There is no documentary evidence readily available online of any such conversation taking place among the workgroup. Similarly, a key member of the workgroup also expresses not having been party to any such discussion.</p> <p>Assuming such conversations did take place, it is essential that such documentation is readily available for scrutiny both by the industry at large, and by the Authority, to assess its adequacy.</p> <p>In the context of primary legislation requiring the transition to Net Zero, it is essential that any code modification takes proper account of its impact on greenhouse gas emissions.</p>

Haven Power Ltd & Opus Energy Ltd	Accept	Reject	<p><b>Haven Power Ltd</b></p> <p>We consider DCP 358 better facilitates DCUSA Objectives 1 and 2 as it delivers the intent of the TCR and does not restrict, distort, or prevent competition in the transmission or distribution of electricity.</p> <p><b>Opus Energy Ltd</b></p> <p>We believe that DCUSA Charging Objectives 1 and 2 are better facilitated by this change because it delivers the intent of Ofgem's TCR Direction and does not restrict, distort, or prevent competition in the transmission or distribution of electricity.</p>	<p><b>Haven Power Ltd</b></p> <p>Whilst this CP delivers the intent of the TCR it is nonetheless a very challenging time. COVID-19 is causing enormous disruption to businesses and households with many livelihoods at risk. We strongly believe it would be appropriate to delay the implementation of the TCR to April 2023 to help customers avoid the additional burden of significant tariff disturbance which will result from these changes. We also consider it important that if any delay is granted, we still maintain the current notice period for Network Charges. Maintaining this notice period will avoid the need for Suppliers to price additional risk premia into their contracts.</p> <p><b>Opus Energy Ltd</b></p> <p>Although this change proposal delivers the intent of Ofgem's TCR Decision, it is nonetheless an exceptionally challenging time. The coronavirus pandemic has created significant disruption to businesses and households with many livelihoods at risk. We strongly believe it would be appropriate to delay implementation of the TCR to April 2023 in order to help customers avoid the additional burden of significant tariff disturbance which will result from TCR changes. We also believe it important that if any delay is granted, that the current notice period for Network Charges is maintained in order to avoid the need for Suppliers to price additional risk premia into their contracts.</p>
OVO Energy	Reject	Reject	<p>We do not agree with the TCR decision, though we recognise this change is in line with it.</p> <p>We believe that the implementation of the TCR decision should align with the implementation of changes arising from the ongoing Access and Forward Looking Charges SCR.</p>	<p>We believe that there may be a need for a "non-final demand" domestic site in the future, and the inclusion of that band at this stage would be a simple and minor step that would avoid a lengthy process in future when this band is required.</p> <p>We are concerned about the impact of covid-19 on data collection for band calculation and band allocation. In particular, we are concerned that domestic customers will face an artificial inflation of costs, bearing a larger share of residual charges as a result of the short-term volume impacts of covid.</p>

			<p>We believe that the definition of a “residual charge” is still under review in this SCR and therefore the impact of this change will result in an arbitrary and unnecessary step change in costs until the SCR is implemented. In particular we note the significant increase in costs consumers in Northern Scotland will face as a result of these changes as indicated in the impact assessment performed for DCP361. We do not think this change should have progressed without such an impact assessment available at the workgroup stage.</p> <p>We also believe that much of the complexity in the changes outlined would also be resolved by aligning the implementation of the workstreams.</p>	Without review, this could result in higher relative costs for consumers for an extended period, of 5 years.
SSE Energy Supply Limited	Accept	Accept	We agree that this change better facilitates DCUSA charging objective 1 to ensure compliance with requirements of the TCR. We take a neutral view with regards the impact of this change on Charging Objectives 2 and 3.	
UK Power Reserve Ltd.	Accept	Accept	<p>We believe that DCP358 better facilitates:</p> <p>DCUSA Charging Objective 1: by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction.</p> <p>DCUSA Charging Objective 2: by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market.</p>	No



CVA REGISTRANTS				
None				
GAS SUPPLIER PARTIES				
N/A				