

## DCP 359 Collated Consultation Responses

Company	Confidential/ Anonymous	1. Do you understand the intent of the CP?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes	
CI Biomass Management Ltd	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes	
E.on	Non-confidential	Yes	
EDF	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
ESP Electricity	Non-confidential	Yes.	
GridBeyond Limited	Non-confidential	Yes	
Haven Power Ltd	Non-confidential	Yes.	
Inenco	Non-confidential	Yes mostly	
Leap Electric Networks Ltd	Non-confidential	Yes	

National Grid ESO	Non-confidential	Yes, we understand the intent of this modification is to define a 'Final Demand Site' who would be liable for residual charges.	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes.	
Npower Limited	Non-confidential	Yes.	
Opus Energy Ltd	Non-confidential	Yes.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN understand the intent of the CP.	
SSE Energy Supply Limited	Non-confidential	Yes, as SSE has participated in the Working Group meetings and reviewed the relevant documentation.	
The Electricity Network Company	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes.	

UK Power Reserve Ltd.	Non-confidential	Yes.	
Veolia UK	Non-confidential	Yes.	
WPD	Non-confidential	Yes	
Good Energy Limited	Non-confidential	Yes	

Company	Confidential/ Anonymous	2. Are you supportive of the principles that support this CP, which is to address the eligibility criteria for receiving a residual fixed charge?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE recognises the need to develop this modification following the TCR decision.	
CI Biomass Management Ltd	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes	
E.on	Non-confidential	Yes	
EDF	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	

ESP Electricity	Non-confidential	Yes, we support the principles behind this CP.	
GridBeyond Limited	Non-confidential	Yes, as per the TCR requirements.	
Haven Power Ltd	Non-confidential	Yes. This modification is positive for Charging Objective 1 as it implements the TCR Direction and positive for Charging Objective 2 as it introduces consistent definitions for network connected generators which ensure non-discriminatory treatment and so facilitate competition in the generation and supply of electricity. We therefore support the principles of DCP 359 which address the eligibility criteria for receiving a residual fixed charge.	
Inenco	Non-confidential	Yes	
Leep Electric Networks Ltd	Non-confidential	Yes	
National Grid ESO	Non-confidential	We are supportive of the principles behind the CP as the principles have being determined by Ofgem as part of the Targeted Charging Review and directed to network companies to deliver.	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes.	
Npower Limited	Non-confidential	Yes.	
Opus Energy Ltd	Non-confidential	Yes. Under the current residual charging arrangements there are several ways for some parties to change behaviour in order to reduce exposure to residual charges, by reducing their network usage during TRIAD periods, irrespective of the cost their actions have on the network or other consumers. Ofgem's TCR decision identified this distortion as unfair to smaller consumers who are less able to change their behaviours and across whom residual charges are socialised. We are supportive of Ofgem's TCR Decision, which was launched to address concerns around this charge avoidance and the avoided costs that fall on those consumers unable to take similar actions. We believe this modification is positive to Charging Objective 1 as it supports the requirements of the TCR Directions and compliance by each DNO Party. The modification is also positive in relation to Charging Objective 2, as it introduces consistent definitions for	

		network connected generators that should ensure non-discriminatory treatment and so facilitate competition in the generation and supply of electricity. We therefore support the intent of DCP359, which is to address the eligibility criteria for receiving a residual fixed charge.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN are supportive of the principles that support this CP.	
SSE Energy Supply Limited	Non-confidential	SSE is supportive of the principles that support this CP which is required in order to meet specific requirements set out in Ofgem's TCR decision.	
The Electricity Network Company	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	Yes. We support the principles underpinning the scope of this modification proposal. However, we urge the working group to clarify that indeed generators and storage facilities that are standalone facilities are exempt from residual charges. We don't think the legal text is clear on this and reads as if all sites need to provide a certification to the DNO/IDNO showing that they are not Final Demand.	
Veolia UK	Non-confidential	Veolia agrees that it is important that the code modifications implementing the TCR reflect Ofgem's policy positions as set out in the November 2019 Decision, specifically that residual charges are only paid by final demand and not embedded generation or storage.	

WPD	Non-confidential	Yes, It is an enabler to implement the TCR decision	
Good Energy Limited	Non-confidential	Yes.	

Company	Confidential/ Anonymous	3. Do you agree with the Working Groups proposed definition of Final Demand which is the same as the definition proposed by the Authority? Please provide the rationale behind your response.	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE supports the definition of Final Demand. This aligns most closely with Ofgem's TCR direction.	
CI Biomass Management Ltd	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes. We agree that the definition of final demand is correct and should be the same as the definition proposed by the Authority.	
E.on	Non-confidential	We agree with the workgroup's proposed definition of final demand.	
EDF	Non-confidential	Yes, it aligns with the direction from the authority.	
Electricity North West	Non-confidential	Yes	
ESP Electricity	Non-confidential	Yes, we do not see a reason to diverge from the Authority's proposed definition.	
GridBeyond Limited	Non-confidential	GridBeyond supports the decision of the CP to define Final Demand as per the Authority's decision in the TCR.	

Haven Power Ltd	Non-confidential	Yes. We agree that Final Demand means “electricity which is consumed other than for the purposes of generation or export onto the electricity network”.	
Inenco	Non-confidential	Yes	
Leep Electric Networks Ltd	Non-confidential	Yes: the definition is the same as the Authority’s definition.	
National Grid ESO	Non-confidential	We agree with the proposed definition as it will ensure consistency across CUSC and DCUSA whilst being a set of wording which is known to be acceptable to Ofgem.	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes – Ofgem has made it clear that the definition of Final Demand will be as per the TCR Decision, and that we must make the solution work on this basis.	
Npower Limited	Non-confidential	Yes, we agree that the definition.	
Opus Energy Ltd	Non-confidential	Yes. We agree that Final Demand means “electricity which is consumed other than for the purposes of generation or export onto the electricity network”. An example referenced during workgroup discussions, is that import used to support the operation of a generator; for example, site security, would therefore not be treated as Final Demand.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes. The definition in the Decision document, prima facie, seems to be clear and unambiguous. The WG’s exploration of a more nuanced definition and arrival at the proposed definition, aligning with Authority’s definition, greatly helps in answering this question.	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN agree with the Working Groups proposed definition of Final Demand which is the same as the definition proposed by the Authority. <b>Final demand</b> means electricity which is consumed other than for the purposes of generation or export onto the electricity network.	

SSE Energy Supply Limited	Non-confidential	SSE agrees with the Working Group's proposed definition of Final Demand, which is the same as the definition proposed by the Authority. It is SSE's view that this remains the clearest and fairest definition amongst the number of suggested alternatives that were put forward during Working Group discussions.	
The Electricity Network Company	Non-confidential	Yes, we agree with the Working Group's proposed definition of Final Demand. We believe that the outcome represents a pragmatic definition of final demand which aligns to the TCR decision document. We see no benefit or justification from deviating from this position.	
UK Power Networks	Non-confidential	Yes we are supportive of the proposed approach of the WG. The authority have been quite clear with the definition and so it is appropriate to utilise that for this purpose.	
UK Power Reserve Ltd.	Non-confidential	Yes. We agree with the working group on the need and the benefits of maintaining a definition of Final Demand that is simple, clear, and universally applicable in both the DCUSA and CUSC.	
Veolia UK	Non-confidential	Yes. Veolia supports the definition of Final Demand proposed by the Workgroup because (1) it aligns with Ofgem's definition and (2) it avoids dealing with what constitutes a "site", which is better dealt with in the definition of "Final Demand Site".	
WPD	Non-confidential	Yes, this definition is the same as OFGEMs.	
Good Energy Limited	Non-confidential	Yes. It is clear that this is the intent of the TCR direction from Ofgem.	
<b>Summary:</b> All respondents supported the definition with a number of respondents citing that it aligns with Ofgem's definition, it avoids dealing with what constitutes a "site", which is better dealt with in the definition of "Final Demand Site" (Veolia), is simple, clear, and universally applicable in both the DCUSA and CUSC (UK Power Reserve and National Grid ESO).			

Company	Confidential/ Anonymous	4. Which definition do you believe is best suited for the purposes being able to apply a residual fixed charge on a Single Site basis? Please provide the rationale behind your response.	Working Group Comments
Association for Decentralised Energy	Non-confidential	Overall, it is important that the definition ensures that all sites, including the more complex sites, are charged on a site basis as per the Targeted Charging Review's final decision.	



		<p>On the condition that this definition achieves this, the ADE supports the preferred definition: specifically, “means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection”.</p> <p>The ADE agrees that the alternative may create a contradiction without providing much additional clarity and that Ofgem’s definition in the Direction contains several ambiguities which could prove difficult to resolve.</p>	
CI Biomass Management Ltd	Non-confidential	The definition proposed by Ofgem in the TCR Decision. This required a Single Site to be defined in relation to physical assets and the reference to a Connection Agreement is completely different, particularly in the case of private wire and complex sites where the customers in question may not be referred to the Connection Agreement and will in most cases be in completely different sites (at least, according to the definition proposed by Ofgem)	
Citizens Advice	Non-confidential	We agree with the workgroup’s preferred definition of ‘Single Site’ meaning the premises that are associated with a Bespoke Connection Agreement or the National Terms of Connection. This definition appears to be the clearest and most straightforward to implement.	
E.on	Non-confidential	We support the alternative option proposed. We believe that the alternative option offers additional clarity on what can constitute a single site which offers a degree of consistency for consumers when setting Connection Agreements with DNOs.	
EDF	Non-confidential	We believe that the working group proposed definition matches what currently happens.	
Electricity North West	Non-confidential	We support the WG preferred definition as it is less open to subjective interpretation and dispute. The other options potentially allow different connections to be amalgamated into a single site when they would clearly be electrically separate.	
ESP Electricity	Non-confidential	We believe the working groups preferred option provides a straightforward definition and reduced complexity but do not have strong views on the other options should they be chosen.	
GridBeyond Limited	Non-confidential	GridBeyond supports both the WG Preferred option for the definition of a Single Site as well as the definition set out by Ofgem in the TCR. The simplest application of a change, which will have the smallest impact on the status quo, is the best option, but we do not wish to see the case where a consumer suddenly faces	

		several large Residual charges for the same premises based on the form of existing connection agreements. There must be scope for defining a single consumer as a single site so that the same business does not have to pay multiple residual charges.	
Haven Power Ltd	Non-confidential	<p>We believe the definition of a 'Single Site' should be kept as simple as possible.</p> <p>As the CUSC/Grid Code definition already references the Connection Agreement any move away from that rationale would mean that residual and forward-looking charges would differ.</p>	
Inenco	Non-confidential	<p><b>Regarding the definition of a site, option 1</b> does not appear to attempt to meet the suggested definition in the decision. The proposed definition of a site in as being defined by the connection agreement is basically the maintenance of the Status Quo as suggested in the consultation document. There are numerous examples which one would consider to be a single site under the decision document proposal, which would not fit into this definition including many where two or more supplies into the same building, originate from different points of connection to the network, have the same voltage but different Line Loss Factors or are supplied by different suppliers. What is more, multiple supplies which do not have an MIC (eg Non-Half Hourly) do not have a connection agreement as a rule and could not be considered a single site where one customer occupies several independently metered units adjacent to each other within a larger facility.</p> <p>We are aware of one customer with a number of supplies within a single security fenced boundary which contains 13 HV supplies on separate connection agreements. More than one of these supplies have an MIC higher than the indicative Band 4 threshold (Highest band). The residual charges for this site, if this option is adopted would be in the order of several hundred thousand pounds and we do not believe this was the intention of the decision document.</p> <p>Whilst we accept that in the majority of cases, the definition is appropriate, we are not in favour of option 1 unless sites with more than one connection agreement or connection (for consumption banded supplies) are included within the definition of complex sites. That would require an extension of the definition and effects Question 9.</p> <p><b>Option 2</b> is perhaps a more acceptable definition <b>if</b> its intention is to say that the above example site and sites with similar arrangements would not be covered by the Bespoke Connection agreements in place and would be covered by the decision document definition. Otherwise we could not support it. We would assume this would require the substitution of the word premises with Site in the legal text definition.</p> <p><b>Option 3</b> is the most appropriate definition but does not allow for the majority of sites to be simply and easily allocated to bands. Whilst we would support its adoption if necessary, we believe either of the first</p>	

		<p>two options could be acceptable providing sufficient safeguards are put in place to allow for multiple supplies to a single site, as defined in the decision document, to be subject to a single Fixed Charge.</p> <p>We would like to point out that precedents exist to facilitate the billing of multiple MPANs to single charges in respect of both DNOs and suppliers. As the consultation document points out more than one MPAN can be included in a connection agreement and most DNOs do this as a matter of course. The ability to spread a charge over more than one MPAN therefore already exists.</p> <p>Suppliers also have this facility in order to bill customers correctly on pass through DUoS contracts. Also, HMRC rules require CCL de-minimis charges to be based at premises level and within the last 18 months several suppliers have revisited their charges over the last 4 years, rebilling customers where necessary in order to conform with HMRC Rules. As a result, all suppliers who supply energy to customers responsible for multiple supplies to a single building should be able to allow for a wider definition of a site for customer billing purposes.</p> <p>The issue of identifying such supplies as single sites obviously poses problems for the DNO's. One option would be by way of a customer application.</p> <p>However, once again a precedent exists from which lessons can be learnt if this approach is to be progressed.</p> <p>When the CDCM came into effect in April 2010 several DNOs had to introduce the Low Voltage Substation Tariff. Also, some DNOs already had such tariffs and had to adapt to a new definition. This meant some sites which were considered Sub Station supplies pre CDCM no longer qualified and several DNOs with no pre-defined sub-station supplies introduced them.</p> <p>At the same time the HVS tariff was also introduced with similar issues. Whilst the DNOs were obliged to check their Primary substations to identify all HVS supplies no such requirement was placed upon them to check their HV/LV substations to ensure all customers were correctly charged. To this day this tariff is still, 10 years later, not correctly applied to all eligible supplies.</p> <p>One reason for this is the differing interpretations placed upon the definition of such supplies by DNOs. One was even subjected to an Ofgem ruling which recommended a change in the wording of the LC14 charging statement.</p> <p>Another reason was the threat of the imposition of a charge to pursue such investigations if customers did not agree with an initial review which required the customer to provide evidence that the CTs of such supplies were located in, or immediately adjacent to the substation. A somewhat difficult proposition considering customers do not have access to the substations. Whilst the charge was recoverable if the supply was found to qualify it clearly represents a barrier to customers being charged correctly.</p>	
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Leep Electric Networks Ltd	Non-confidential	<p>Preference is for the first option, <i>Single Site (WG preferred option)</i>, as it is easy to understand and relies on understood existing industry structures. It avoids the ambiguity that may potentially be introduced by attempting to describe the geography or inter-relatedness of a physical location.</p>	
National Grid ESO	Non-confidential	<p>We believe the Workgroup preferred option for defining a Single Site is best suited as it avoids any potential conflicting interpretations being applied across a large number of sites – any difference in interpretation between two parties is restricted to the specific connection agreement. It also supports greater consistency across DNOs and between CUSC and DCUSA.</p>	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	<p>We agree with the preferred option, being that a Single Site “<i>means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection</i>”. ‘Premises’ is defined in the National Terms of Connection, and whilst a bespoke connection agreement may not specifically ‘define’ the term, it is explicit as to which premises the agreement relates. However, we do suggest a simple change is needed to replace ‘is’ with ‘are’.</p> <p>The alternative option set out in the consultation proposes to define ‘Premises’ in the absence of it being defined in a bespoke connection agreement; based on the definition proposed for consideration by the Authority in the TCR Decision. We consider this unnecessary and could potentially introduce a conflict, if the definition somehow does not align with basis of the agreement which is independent of it.</p> <p>In the alternative option, or as a standalone definition, we do not support the use of the definition proposed for consideration by the Authority in the TCR Decision. It risks introducing unnecessary ambiguity which will ultimately lead to gaming and potential disputes.</p>	

Npower Limited	Non-confidential	npower support the alternative option proposed due to the additional clarity provided. This alternative option to some extent also avoids the reliance on embedded definitions that can become cumbersome for end users to navigate and understand.	
Opus Energy Ltd	Non-confidential	<p>There was a majority view from the Working Group to keep the definition of a ‘Single Site’ as simple as possible and relate it to a Connection Agreement (whether that be in the form of the National Terms of Connection or a Bespoke Connection Agreement).</p> <p>However, the Connection Agreement is a bilateral agreement between the Customer and the DNO and so is not transparent to Suppliers. Suppliers would therefore need to take it on trust that they are passing on charges based upon this bilateral agreement, although there will be a refunds process available via a disputes process around the Customer’s charging band should any issues occur.</p> <p>The stated rationale of the workgroup was that the CUSC/Grid Code definition already references the Connection Agreement and so to move away from that rationale would mean that residual and forward-looking charges would differ. This also reflects the status quo where a distributor does not currently levy multiple fixed charges where multiple MPANs are associated with a single connection agreement.</p> <p>This is positive to Charging Objective 1 as this supports the requirements of the TCR Directions and is also positive to Charging Objective 2, as this supports the requirements of the TCR Directions and compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity.</p> <p>As a result, we agree with the majority Working Group view stated above.</p>	
ScottishPower Energy Retail Ltd	Non-confidential	Agree with the working group’s preferred option as it is simpler to for customers to understand.	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	The WG’s preferred option. Most succinctly & understandably uses an existing defined term, with which Users might be familiar.	
SP Distribution / SP Manweb	Non-confidential	SPEN agrees with the Working Groups definition of a Single Site, for the reasons given in the consultation – simplest form of a defined term that is easy to understand and can be applied universally.	

SSE Energy Supply Limited	Non-confidential	SSE agrees with the Working Group's view of the definition of a 'Single Site' (although different to the Authority's), as it is the simplest possible and can be related to a Connection Agreement. As a result, it is easy to understand, can be applied across the market and offers limited opportunities for gaming.	
The Electricity Network Company	Non-confidential	<p>We believe that the best definition for single site is the working group preferred option. We do not know of any instances on our network where a bespoke connection agreement and the associated terms would not clearly identify a single site and believe that it is beneficial for the definition of single site to be able to utilise existing framework as far as possible. We believe that the alternative option and the option based on the Ofgem decision are not unreasonable options but, in our opinion, they allow for a broader and less well-defined interpretation which may lead to confusion and inconsistency in interpretation.</p> <p>In this instance we believe that the definition proposed by the working group represents a justifiable (on the basis of consistency and simplicity) deviation from the Ofgem definition.</p>	
UK Power Networks	Non-confidential	We believe that the WG preferred option is best suited for applying the residual fixed charge as it minimises any ambiguity over the definition of single site for charging purposes and it is the current method for applying the fixed charge without issue.	
UK Power Reserve Ltd.	Non-confidential	We support the WG preferred option for the definition of Single Site. Compared to other two options, the WG preferred one avoids references to geographical proximities and other elements that are ambiguous and could be subject to different interpretations.	
Veolia UK	Non-confidential	Veolia supports the WG preferred definition on the grounds that keeping a "map" between the connection agreement and "site" is simple and is practicable given existing industry systems.	
WPD	Non-confidential	The working group preferred definition which is a single site means the premises that is associated with a Bespoke Connection Agreement or the National Terms of Connection as this is consistent with the current treatment of a single site.	
Good Energy Limited	Non-confidential	<p>We prefer the Working Group preferred option. It is simplest, and avoids adding unnecessary definitions or the ambiguity which characterises the proposal from Ofgem in the TCR decision document – which would likely lead to high volumes of disputes.</p> <p>There should however be consideration of parties' familiarity with Bespoke Connection Agreements – it may be prudent to revisit the current suggested framework and investigate whether further work needs to be</p>	

		done clarifying the content and processes around it. For example, the amending process if an existing site has another MPAN added to it, or when dealing with multiple voltage levels on one BCA.	

Company	Confidential/ Anonymous	5. Do you believe the Working Groups proposed definition of Final Demand Site is best suited for the purposes being able to more accurately identify a site which is eligible to receive a residual fixed charge? Please provide the rationale behind your respons	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE supports a proportional approach to the definition of a Final Demand Site.	
CI Biomass Management Ltd	Non-confidential	As we disagree with the definition of “Single Site” it follows that we cannot agree the definition of “Final Demand Site”	
Citizens Advice	Non-confidential	The rationale behind the TCR was to ensure that residual charges cannot be avoided. The definition that defines a threshold would be open to potential gaming which will allow some users to avoid the residual charge, which would in turn increase charges for other users/consumers. This is not the intention or the spirit of the TCR. Therefore, “A Single Site that has any metered final demand” is the best-suited definition to apply the residual fixed charge on a Single Site basis.	
E.on	Non-confidential	We believe that workgroup’s final demand site definition will accurately identify a site that is eligible for residual charges. This definition will allow unmetered supplies to continue to be charged in the same fashion and meets the direction set out by Ofgem in the TCR final decision.	
EDF	Non-confidential	Yes as it aligns with the Authority direction and is able to be implemented within the tight timescales.	
Electricity North West	Non-confidential	Yes, the definition is clear and should limit the scope for dispute.	
ESP Electricity	Non-confidential	Yes, we agree with the suitability of the proposed definition due to its simplicity in providing a clear guideline for eligible sites.	

GridBeyond Limited	Non-confidential	GridBeyond supports a proportional approach to the definition of a Final Demand Site. All-or-nothing approaches should be avoided. We agree that a defined percentage approach would be difficult to justify.	
Haven Power Ltd	Non-confidential	Yes. We support the Working Groups definition of Final Demand Site as “A Single Site that has any metered Final Demand”. We do not support the alternative approach of defining a threshold for a Final Demand Site because it is overly complex and prone to error. Final Demand means “electricity which is consumed other than for the purposes of generation or export onto the electricity network” so we agree that a site that has a generator that uses electricity solely to support the operation of the generator should not be treated as Final Demand Site.	
Inenco	Non-confidential	This answer is of course subject to our points in question 4 regarding the definition of a site. However generally we have no objections.	
Leep Utilities	Non-confidential	Yes: combines to two preceding defined terms neatly, follows TCR para 3.65(1).	
National Grid ESO	Non-confidential	Yes, we believe the options presented by the workgroup are viable options for identifying Final Demand Sites	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	<p><b><u>Binary v threshold approach</u></b></p> <p>We agree that a definition akin to the intent of a Final Demand Site is necessary; neither the definition of Final Demand or Single Site in isolation is sufficient to define a site that will receive a residual fixed charge.</p> <p>We support a binary assessment where the existence of Final Demand at a site should result in that site receiving a residual fixed charge. The proposal does not create any additional barriers such that a site configuration could be changed. For example, if a site has Final Demand but also has generation for which the import for the purposes of that generation is separately metered (i.e. non-Final Demand), that site could be ‘split up’. If that site was ‘split up’, the import for the purposes of generation would then not attract a residual fixed charge. We recognise that the barriers which already exist are not necessarily insignificant.</p> <p>The introduction of a threshold, such that (e.g.) a Final Demand Site requires Final Demand to be greater than a defined percentage of total demand, risks introducing arbitrary gaming opportunities which undermine intent of the TCR to remove that same distortion. Ultimately, between the boundaries introduced by the Authority in its TCR Decision, and an arbitrary threshold, the solution will manifest as an opportunity for some Final Demand Sites to not only reduce the exposure to residual charges (by</p>	



		<p>potentially moving between bands), but to avoid them entirely (given the move from a volumetric to fixed charge recovery).</p> <p>If a threshold was to be used, it would be prudent that it is periodically reviewed by prescribed requirement, e.g. before the beginning of each relevant price control period; this would otherwise be exposed to a code modification to change the threshold during relevant price control periods – especially if it is not clear that it will be reviewed.</p> <p>We do not agree with the use of the eligibility criteria underpinning the removal of EHV sites from the TCR impact assessment, as set out in option C. We do not understand the basis of the ratios between import and export. Regardless of what the thresholds are, for the reasons set out above, we believe this approach should not be used. It should be noted, that as written, the criteria will arguably only be applicable (at least in full) to Designated EHV Properties – whilst it is not clear that is the working group’s intention.</p> <p>We support a binary approach, which we believe better achieves the TCR Decision Principles, but also agree that there should be a requirement for a site to be ‘certified’ that it is not a Final Demand Site, similar to option B. We recognise that the Authority has now directed that the TCR changes impacting the transmission demand residual changes should be implemented on 01 April 2022<sup>1</sup> (previously 01 April 2021), and we believe this provides adequate time to achieve certification in advance of a residual fixed charge being levied.</p> <p><b><u>Certification that a site is not a Final Demand Site</u></b></p> <p>We think that the working group should be clearer on the requirement for certification, where we do not believe certification should be a prescribed requirement when initially allocating a Final Demand Site to a charging band (i.e. such that a site would not be allocated to a charging band). It is not reasonable to expect certification to be completed ahead of Q3 2020, and will be detrimental to customers if it is. We believe the intent is that distributors will determine a site to be a non-Final Demand Site on the expectation that certification will be later provided. Final Demand Sites will be allocated to charging bands in Q3 2020, which does not leave a lot of time to ‘certify’ potentially thousands of sites. A level of pragmatism is needed here, which recognises that the initial allocation to charging bands will not be perfect, even with all data being made available.</p> <p>We propose that, and it is a matter to be recognised in DCP360 ‘Ofgem Targeted Charging Review (TCR) implementation – customers: allocation to bands and interventions’, the solution provides for a one-off change in allocation of: (i) a site from a charging band to a zero charge (i.e. a Final Demand Site is later certified as being a non-Final Demand Site); and (ii) a site from a zero charge to a charging band (i.e. a non-Final Demand Site where certification has not been provided such that it becomes a Final Demand Site). This should apply to the initial allocation only i.e. not in readiness for future review of the charging</p>	
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<sup>1</sup> <https://www.ofgem.gov.uk/ofgem-publications/162362>

		<p>bands.</p> <p>This transitional period should end on 31 October 2021 (which should be at least one year from determination of the charging bands and allocation to those bands), such that distributors can ensure sites are appropriately allocated in advance of setting use of system charges from 01 April 2023 (subject to exceptional circumstances and disputes later altering allocation). For the avoidance of doubt, this would be a separate reallocation mechanism to the disputes process, where it would: (i) encourage distributors to reasonably ensure correct allocation initially – as a distributor should not later recover additional revenue from that site as a result of assuming a site is a non-Final Demand Site and that site is later not certified<sup>2</sup>; and (ii) encourage certification of a non-Final Demand Site by a defined and reasonable deadline by parties that stand to benefit from it.</p> <p>In comparison, the dispute process is customer-driven, therefore does not provide for a distributor allocating a site to a charging band having initially assumed it would not receive a residual fixed charge. This proposed mechanism would provide for this situation as a one-off.</p> <p>The transition period would serve to ensure that any site that is not a Final Demand Site should be certified ahead of any residual fixed charge being levied by either a distributor or NGENSO.</p> <p>Despite our reservations about a threshold approach to defining a Final Demand Site, we believe such an approach may render a need for certification less important. A further option could therefore be considered by the working group which is consistent with option C but with no need for certification – similar to how option A is otherwise consistent with option B. For the avoidance of doubt, we would not support such an approach.</p>	
Npower Limited	Non-confidential	<p>We believe that Options B &amp; C should be explored further as they go some way to recognise that a subset of sites have non-standard connections i.e. existing/planned renewable energy parks (primarily generation and storage) with significant import and export agreements but where they may also host a few small industrial units with relatively low demand. It would be inappropriate to levy the full amount of import charges to this type of site.</p>	
Opus Energy Ltd	Non-confidential	<p>Yes. We support the definition of Final Demand Site as “A Single Site that has any metered Final Demand” and that a binary assessment should be made regarding whether residual fixed charges should apply. We do not support the alternative approach of defining a threshold for a Final Demand Site because it is not proportionate, given the added complexity and is subjective and so is prone to potential inaccuracies. This was illustrated by independent analysis by some Working Group members who found the Frontier Economics analysis to only be around 80% accurate. Because Final Demand means</p>	

<sup>2</sup> When setting use of system charges, revenue not allocated to a non-Final Demand Site will be recovered from other customers, therefore a DNO should not seek to recover revenue prior to a change in allocation from a zero charge to a charging band.

		“electricity which is consumed other than for the purposes of generation or export onto the electricity network” we agree that a site that has a generator that uses electricity solely to support the operation of the generator should not be treated as Final Demand Site.	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes – as defined in para 4.43, it’s uncomplicated	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Option B – Binary approach plus eligibility certification. The need to certify the eligibility should sit with the Supplier Party and the CVA Registrant for CVA registered customers (as the DCUSA Party for DUoS Charges), per the DCP 341 / 342 proposed solutions.	
SP Distribution / SP Manweb	Non-confidential	SPEN agree that the Working Groups proposed definition of Final Demand Site is best suited for the purposes of being able to more accurately identify a site which is eligible to receive a residual fixed charge.	
SSE Energy Supply Limited	Non-confidential	SSE believes that the Working Group’s proposed definition of a Final Demand Site (although different to the Authority’s) is best suited for the purposes of being able to more accurately identify a site which is eligible to receive a residual fixed charge. This is because this definition brings together the definitions of Final Demand and Single Site as detailed above.	
The Electricity Network Company	Non-confidential	Yes, the proposed definition allows to accurate and simple determination on which sites are eligible to receive a residual fixed charge.	
UK Power Networks	Non-confidential	Yes we agree with the proposed definition of final demand, which is clear and leaves no room for ambiguity.	
UK Power Reserve Ltd.	Non-confidential	If we need to single out the purpose of accurate identification of eligible sites, then Option A provides clear parameters, in line with the Ofgem’s direction. Among the two approaches (binary vs. non-binary), we support a binary solution. We do not support a threshold-based approach as it would lead to opportunities to avoid the charge, especially as the threshold would be determined based on what can	

		be deemed as some rather arbitrary parameters. Any threshold approach would also not take into account the large variance of the amount of import/demand that is needed for the sole purpose of operating a generator when comparing one type to another.															
Veolia UK	Non-confidential	<p><b>No. We believe an alternative approach building on Options B and C is a more practical and proportionate way forward.</b> We set this out in our answer to Question 6.</p> <p>It is important to strike a balance between, on the one hand, proportionality and, on the other, practicality and although we recognize that the WG has given a lot of useful thought to this trade off, its preferred option (Option A) comes down much more on the side of practicality than proportionality. A highly proportionate approach would seek to identify all of the electrons that are being consumed as Final Demand and exempt from residual charges any other electrons. This would of course be very impractical. A highly practical solution would simply be to classify ALL electrons going to a site which has ANY Final Demand whatsoever as being Final Demand. This would be very disproportionate <b>but is effectively what Option A does</b> . We have summarized these tradeoffs in the table below:</p> <table><tr><th rowspan="2">Approach to identification of final demand</th><th rowspan="2">What</th><th colspan="2">How</th></tr><tr><th>Practical?</th><th>Proportionate?</th></tr><tr><td>Binary</td><td>Presence of any final demand prevents exemption (ie a “final demand site”). All final demand sites pay TCR residuals for 100% of import capacity.</td><td>Very practical: MPANs or MSIDs can be assigned multiplier either 1 or 0 times residual charge associated with kVA capacity in connection agreement (CT metered sites)</td><td>Could be very disproportionate: an embedded power station connected at EHV could pay £’000s in TCR residuals (100%*kVA for station load) because of a tiny amount of final demand from private wire or on-site consumption unrelated to generation or storage activities</td></tr><tr><td>Non-binary</td><td>Presence of some generation or storage activity gives rise to partial exemption such that a % of import capacity is deemed to</td><td>Could be very impractical DNO revenue estimates would be at risk as soon as someone installed more or less final demand and then</td><td>Very proportionate: TCR residuals levied will align more closely with proportion of total import capacity arising from final demand</td></tr></table>	Approach to identification of final demand	What	How		Practical?	Proportionate?	Binary	Presence of any final demand prevents exemption (ie a “final demand site”). All final demand sites pay TCR residuals for 100% of import capacity.	Very practical: MPANs or MSIDs can be assigned multiplier either 1 or 0 times residual charge associated with kVA capacity in connection agreement (CT metered sites)	Could be very disproportionate: an embedded power station connected at EHV could pay £’000s in TCR residuals (100%*kVA for station load) because of a tiny amount of final demand from private wire or on-site consumption unrelated to generation or storage activities	Non-binary	Presence of some generation or storage activity gives rise to partial exemption such that a % of import capacity is deemed to	Could be very impractical DNO revenue estimates would be at risk as soon as someone installed more or less final demand and then	Very proportionate: TCR residuals levied will align more closely with proportion of total import capacity arising from final demand	
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		<table border="1"> <tr> <td></td><td>be final demand capacity.</td><td>sought to update the % “relief”</td><td></td></tr> </table> <p>It is important to note that Options A, B and C are all binary ways of deciding whether a site is a Final Demand Site: either it is, in which case all of the Maximum Import Capacity (MIC) summed across the connection agreement pays the TCR residual, or it isn’t, in which case none of the MIC pays the residual. The option was open to the WG to consider an alternative interpretation of “proportionate”, whereby only <i>some</i> of the MIC would be liable for the TCR residual. Ofgem have never closed the door to this (note Ofgem’s response to the WG clarification at paragraph 4.16: “In the TCR we have not taken a view regarding your specific question on proportionality”).</p>		be final demand capacity.	sought to update the % “relief”		
	be final demand capacity.	sought to update the % “relief”					
WPD	Non-confidential	Yes, the definition is clear and therefore easily applied.					
Good Energy Limited	Non-confidential	Yes. It neatly ties together the other two definitions.					

Company	Confidential/ Anonymous	6. Do you have a preference with respect to the various approaches set out in options A, B or C or an alternative approach? Please provide the rationale behind your response	Working Group Comments
Association for Decentralised Energy	Non-confidential	<p>The definition of final demand across the electricity system is not straightforward – as shown by the variety of approaches currently in use through the BSC, DCUSA and the LCCC. As also highlighted in the consultation, different eligible generation and storage facilities will have different profiles of parasitic load and in most cases, a very strict interpretation of any residual demand on site would not be practical. Therefore, the ADE supports Option C in principle as a way to reflect this nuance through taking a proportionate, rather than binary, approach to assessing a site’s final demand.</p> <p>However, the use of Frontier’s method in the detail of Option C is relatively complex. We would suggest a simpler method. In this case, the first step would be similar to Frontier’s 4-step process and require the DNOs to identify generation or storage sites. These are then exempt. The next stage is to calculate whether the annual import consumption is a given percentage or less than the annual export consumption. If it is at this threshold or less, then the site is exempt.</p> <p>This data should be available and for the annual import consumption, will have already been collected specifically to allocate the site to a band.</p>	

		<p>The criteria for where precisely this threshold is set should be informed by further data regarding the import/export profiles of more difficult to define sites, especially at EHV, and a focus on simplicity and practicality. The ADE would consider, for example, the 20% threshold as noted in the TCR documentation could be appropriate.</p> <p>Whilst the working group could propose options for this threshold, this should ultimately be a decision for Ofgem.</p>	
CI Biomass Management Ltd	Non-confidential	There is a case for the consideration of Option C, particularly as the TCR Decision stated that assessment of the Final Demand should be “practical and proportionate”. However, we don’t see how even this approach will ensure that no generator will face residual charges on its own use consumption unless the metering and/or connection arrangement are changed eg to add new metering systems as noted further below.	
Citizens Advice	Non-confidential	Options A & B are preferred. As outlined in our response to question 5, using a threshold to define a Final Demand Site could be open to gaming by users of the system therefore we do not agree that Option C is suitable.	
E.on	Non-confidential	We feel that the fairest approach is the apportion residual charges for a site with mix of generation and final demand is on a percentage basis, equally we recognise that this would lead to developing a complicated approach which we do not believe can be developed appropriately and in line with the TCR timelines. Therefore, we support Option B as it is the closest to meeting the TCR direction and definitions set out within the consultation document. We do see merit in the thinking in option C as this sets out criteria for determining a Final Demand site. we believe that the criteria as set opens the possibility for some sites with Final Demand to be exempt from residual charges inadvertently as the relevant steps have determined if the site is final demand based on import or export energy volumes or capacity levels over any given year. We also perceive that Option C could result in sites moving into and out of applicable residual charges year on year, which would lead to DUoS charging uncertainties. This in turn could lead to unexpected charges being levied on suppliers (and therefore the end consumer) meaning cost recovery issues for network companies year on year.	
EDF	Non-confidential	Option A as it simple and can be easily implemented. If the need arises for a definition that can deal with more complex sites then this can be amended through open governance.	
Electricity North West	Non-confidential	Option B appears the most appropriate as it has the simplicity of a binary approach but allows customers to certify that any consumption is not Final Demand.	

ESP Electricity	Non-confidential	We would support options A and B as they closely match Ofgem’s direction. We would prefer to see additional analysis on option C to determine whether it is a viable approach. We agree that option C adds complexity, as the process to classify sites as a Final Demand Site would need to be codified, and additionally, may lead to disputes where customers narrowly meet the criteria to be considered Final Demand and thus, be eligible for residual charges.	
GridBeyond Limited	Non-confidential	GridBeyond supports Options B & C, with a preference for Option C, as it provides for a more flexible appreciation of the multitude of different ways in which sites are connected to the system and set up behind the meter. We request, however, that the Working Group considers a more refined version of Options B & C that take into consideration all the different types of Eligible Facilities.	
Haven Power Ltd	Non-confidential	Yes. We favour option B where a Final Demand Site means “a Single Site that has associated metered Final Demand” but for which parties should have criteria for exemption by having the ability to declare that a site is not a Final Demand Site.	
Inenco	Non-confidential	Whichever option is chosen, there should be clarification on the types of consumption that are included for ‘the purposes of generation or export onto the electricity network’. For example, electricity used on a generation or storage site that is required for lighting, security and trace heating of equipment is clearly associated with the operation of the site but is not directly associated with electricity generation. Option C appears to be over-complicated and the proposed ‘rules’ could be incorporated into the certification process in Option B	
Leep Electric Networks Ltd	Non-confidential	Preference for Option A – simple binary choice building on previous defined terms.	
National Grid ESO	Non-confidential	<p>We are supportive of either Option A or B. Whilst we can understand the principle behind Option C and believe it can be used for high-level assessment of the impact of the TCR, we believe this option is not suited for applying charges to individual sites for a number of reasons;</p> <ul style="list-style-type: none"> <li>• This approach would only be feasible if all generation/storage were similar and it was therefore possible to determine what was connected to a site based on its behaviour. Given the large range of different energy use patterns across demand, storage and generation this is not possible with a single boundary meter.</li> <li>• The amount of data required to implement this methodology for each site does not currently exist and so either assumptions would have to be made (which would be wrong for at least some sites) or a large programme of gathering site specific data would be needed/ This would</li> </ul>	

		<p>not be possible by the Ofgem directed implementation date due to the need to install meters, gather and analyse data etc.</p> <p>Between options A and B we are less certain. We believe there could be some benefit of having Suppliers certify that a Site does not have Final Demand but at this stage it is unclear how this would work in practice.</p>	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	See answer to question five, as we believe this should all be part of the definition of Final Demand Site, and not separate criteria; which will avoid unnecessary confusion.	
Npower Limited	Non-confidential	<p>Given that there are a number of sites with non-standard connections (please refer to the example given in our response to Q5), our preference for this type of exception would be Option C.</p> <p>Certification under Option B should allow the MIC associated with the battery storage to be decoupled from the final demand from the business use embedded within the main site and while it may be appropriate for 99% of cases there should be an alternative methodology for other non-standard sites. Apportionment under Option C would allow further refinement of the applicable charges to ensure that businesses that have set up sites in good faith are not subject to inappropriate and excessive charges.</p> <p>Note: If this type of site is required to install additional metering to decouple embedded final demand from the main generation/storage facility then the network operator should be pragmatic in terms of providing support at a reasonable cost and allowing time for the host to renegotiate terms with any tenant businesses to avoid unnecessary harm to either entity.</p>	
Opus Energy Ltd	Non-confidential	Yes, in line with our response to Q5) we do not support non-binary option C, because of its subjective nature. Our favoured option is option B) whereby a Final Demand Site means “a Single Site that has associated metered Final Demand” but for which parties should have criteria for exemption under which they should be able to declare that a site is not a Final Demand Site.	
ScottishPower Energy Retail Ltd	Non-confidential	Can see the merits in all, including the ability in Option C to make sure customers are correctly allocated via the additional steps. We have no firm preference but note again that whatever is chosen needs to be set out in a way that customers can understand.	
Southern Electric and Scottish Hydro Electric	Non-confidential	Option B – Binary approach plus eligibility certification. The need to certify the eligibility should sit with the Supplier Party and the CVA Registrant for CVA registered customers (as the DCUSA Party for DUoS Charges), per the DCP 341 / 342 proposed solutions.	



Power Distribution			
SP Distribution / SP Manweb	Non-confidential	Our preference is Option A, we believe the other options would add unnecessary complexity.	
SSE Energy Supply Limited	Non-confidential	SSE's preferred approach is option B, as it will enable generation only and storage only sites to be exempt from residual charges. It also requires certification of sites as either generation only or storage only, and so provides an audit trail where exemptions are claimed. A mechanism should be put in place to allow any charges which have been avoided to be reclaimed in events where exemptions have subsequently been proven to have been claimed erroneously.	
The Electricity Network Company	Non-confidential	Our preference would be for option A on the basis that we believe that this is the simplest and easiest definition to be implemented and aligns with the requirements of the TCR decision. We do not believe that the clarification of Option B is required as, in our opinion, the requirement to have final demand at a generation only or storage facility or purely coincidental of the generation and/or storage and it is, therefore, required for the purpose of export. i.e. There would be no demand without generation. That being said we are not opposed to Option B if this is generally the preferred solution among industry. We do not believe that option C is necessary or justified. Although we recognise the rationale behind it, we believe that it is, to an extent, arbitrary and does not necessarily better facilitate the requirements of the TCR. We also believe that the possible administrative burden placed on parties to a) determine if a site is eligible and then b) potentially dispute that allocation is not proportionate.	
UK Power Networks	Non-confidential	We believe that option A is sufficient for the purposes of this change, the other options just introduce what would appear to be un-necessary complexity to the proposal.	
UK Power Reserve Ltd.	Non-confidential	<p>We prefer Option B, as it provides the simplicity and clarity of the binary approach of Option A, but at the same time gives the possibility for providers to prove that a site should not be eligible to pay demand residual charges.</p> <p>Yet, as we already stated in the response to Q2, we urge the working group to clarify that indeed generators and storage facilities that are standalone facilities are exempt from residual charges. We don't think the legal text is clear on this and reads as if all sites need to provide a certification showing that they are not Final Demand.</p> <p>The intent of the mod needs to be properly reflected i.e. that the need for a certification applies only to import MPANs that are not those that qualify for zero residual charges under DCP341/342 (i.e. standalone storage sites plus the need to include in this mod standalone generation sites, although these</p>	

		<p>are not in the scope of DCP341/342).</p> <p>In addition, there needs to be much more information on the nature of the certificate. This aspect is already considered to some extent in the parallel CUSC modification proposal CMP334, but the same level of details on how a certification process works is necessary in the DCUSA as well. The lack of information or a non-uniform approach across DNOs, would create a great burden to smaller DCUSA parties, which needs to be avoided.</p>	
Veolia UK	Non-confidential	<p><b>We believe an alternative approach based on a combination of Options B and C is more practical and proportionate.</b></p> <p><b>Option A</b></p> <p><i>Practicality</i></p> <p>STRONG. The solution is simple: any customer who is using electricity for any purpose other than for the generation or storage of electricity must pay residual charges.</p> <p>However:</p> <p>(1) The phrase “associated metered Final Demand” is not clear. Is this referring to settlement metering only?</p> <p>(2) In the absence of the mechanism set out in Option B how do generators or storage operators come forward to claim exemption?</p> <p><i>Proportionality</i></p> <p>WEAK: many embedded generators with tiny associated Final Demand (potentially for on-site use for other activities) will be captured, leading to a much higher residual charge than would be paid if these other activities were metered at the boundary point.</p> <p><i>Example:</i></p> <p>10 MVA Maximum Import Capacity supplies an embedded generator through an import metering system at the boundary point. All of the MIC is used for ancillary load except for a 100 kW private wire connection. The embedded generator does not meet the definition of Eligible Facility because some of the import metering system supplies activities that are for another activity. Consequence: the TCR residual charge will be assessed on 10 MVA of capacity rather than the 100kW of Final Demand.</p> <p><b>Option B</b></p> <p><i>Practicality</i></p> <p>STRONG. The Option builds on Option A and addresses point (2) above however point (1) still stands.</p> <p><i>Proportionality</i></p>	

WEAK. The definition of Eligible Facility will lead to sites like those in the example above not being able to claim the exemption. This will lead to “over-recovery” of TCR charges.

### **Option C**

#### *Practicality*

WEAK. The four step process may be administratively cumbersome and lead to many “moving parts” when DNOs are trying to forecast the total amount of residual due to be collected from customers with generation or storage. It’s important to remember the context in which the four-step process arose. Frontier never designed it as an enduring solution for the identification of generation or storage sites but more as an estimation technique so that Ofgem could work out the total amount of residual that would be recovered from demand users once MPANs associated with embedded generation and storage had been stripped out of the dataset. This then informed the Impact Assessment that was published with the November TCR Decision.

Veolia had raised this point in the November 2018 TCR consultation: we were concerned that inclusion of import MPANs on embedded generation sites in the initial Frontier modelling was skewing the distributional analysis.

Lastly, it should be noted that Step 3 does not “fit” well with TCR principle 1 (reducing harmful distortions) since looking at (variable) behaviour during the super red period should not be a criterion for allocating (fixed) residual costs.

#### *Proportionality*

STRONG. Steps 1 and 2 are likely to identify the vast majority of generation and storage sites and further work is being done by DNOs to work out the extent of coverage, which is positive (4.54).

### **ALTERNATIVE APPROACH**

To build on the practical features of Option B and the proportionate aspect of Option C we would like to propose an alternative approach for the identification of Final Demand Sites:

Step	Criteria	Meets the criteria	Outcome
(1)	DNO/IDNO Party has been provided with certification that a Single Site is an Eligible Facility	YES	Single Site is not a Final Demand Site
		NO	Single Site may be a Final Demand Site, move to Step (2)
(2)	Import MPANs on a Single Site record less than [x]% of total units recorded	YES	Single Site is not a Final Demand Site

		<table border="1"> <tr> <td></td><td>by Export MPANs in the charging year preceding the publication of the Use of System Charging Statement by the Network Operator</td><td>NO</td><td>Single Site is a Final Demand Site</td></tr> </table> <p><i>Practicality</i></p> <p>Although an arbitrary number (eg 20%) for the value of x, above, would be easier to implement, the key test is what value would achieve the same level of coverage as the four step process set out by Frontier?</p> <p><i>Proportionality</i></p> <p>By in effect setting out a de-minimis level of “Final Demand” some consumption will avoid residual charges under this Alternative approach, however the resulting social welfare loss (in terms of customers avoiding residual charges on very small private wire networks) needs to be balanced against the distributional impact on generators from facing large residual bills on 100% of their Maximum Import Capacity that Options A and B will lead to. We feel that Ofgem should be made aware of this trade-off when making their decision.</p>		by Export MPANs in the charging year preceding the publication of the Use of System Charging Statement by the Network Operator	NO	Single Site is a Final Demand Site	
	by Export MPANs in the charging year preceding the publication of the Use of System Charging Statement by the Network Operator	NO	Single Site is a Final Demand Site				
WPD	Non-confidential	Option A allows the DNO to determine if the site is a final demand site while also providing the ability for a supplier or the site to challenge the DNOs analysis.					
Good Energy Limited	Non-confidential	<p>Option B is the preferred choice. However, more work is required to solve the issue of transitioning to this arrangement for the thousands of distribution connected generators already on the system. We have addressed this further in answer to question 14.</p> <p>Option A does not make the options for exemption clear enough.</p> <p>Option C is not appropriate, as we do not think it possible for the industry to identify a % split for all sites, and do not believe this was the intention of the direction.</p> <p>Option B is the cleanest definition and clearly shows the way to be exempt is to obtain a certificate. That certificate states that the import is solely for exporting purposes.</p>					

Company	Confidential/ Anonymous	7. Do you agree that the proposed definitions for 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' are appropriate and necessary, if option B or C is taken forward? Please provide the rationale behind your response	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE supports the proposed definitions.	
CI Biomass Management Ltd	Non-confidential	We have no comments on 'Electricity Storage' or, 'Electricity Generation' but we do not agree with the definition of 'Eligible Facility'. For any project with a customer connected to it by private wire, additional settlement metering will be required before the generator or storage operator could certify that it is an Eligible Facility, specifically, it will require Metering Systems that only measure its exports and imports, and not of its customer. No assessment has been made of the cost and timescale involved for Users who have to install such metering systems to avoid all of their demand being classed as Final Customer Demand and subject to residual charges, contrary to the TCR Decision. For MPAS registered customers there is no information about the processes required before the relevant Supplier Party could issue a certificate either.	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	Yes.	
EDF	Non-confidential	Yes	
Electricity North West	Non-confidential	The definitions are clear and link to what has already been agreed for storage alone.	
ESP Electricity	Non-confidential	Yes, we agree that the proposed definitions for those terms are necessary should options B or C be taken forward.	
GridBeyond Limited	Non-confidential	GridBeyond supports the definitions that the Working Group has put forward.	
Haven Power Ltd	Non-confidential	Yes. These definitions align with those proposed by CMP 332 (and its successor).	

Inenco	Non-confidential	<p>‘Electricity Storage’ and ‘Eligible Facility’ definitions appear to suffice. However, many dictionaries define a Generator to be a device that converts motive energy into electricity. We recommend that the term ‘Electricity Generation’ is expanded to ensure that it will cover electricity generation from non-motive sources such as Solar PV and fuel cells.</p> <p>We also believe that the regulations should make provision for other types of site that should be exempt from charges. It is possible that DNOs (when they become DSOs) may want to install devices such as load banks (typically to increase network demand during periods when there is high solar generation) or possibly to regulate reactive power using synchronous condensers or other devices. Any device that consumes electricity but has the sole purpose of maintaining or improving the network voltage should be treated in the same way as a generator or energy storage device.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes: clear definition in plain language using accepted industry terms.	
National Grid ESO	Non-confidential	<p>We believe these definitions are required for both Options B and C as well as broadly agreeing with the definitions used. There are a few areas we believe need to drawn out for further discussion however such as;</p> <ul style="list-style-type: none"> <li>• Whether the terminology used in the definition of a Eligible Facility can be refined slightly so as to refer to ‘metering systems’ rather than specifically MPANs and CT metering to provide more consistency (e.g. can a Eligible Facility have a MSID instead of a MPAN).</li> <li>• It isn’t clear from the legal text whether commissioning and decommissioning of ‘Eligible Facilities’ should be considered as Final Demand or not.</li> <li>• If/what a certification process would look like for Eligible Facilities connected to the distribution networks.</li> </ul>	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	<p>We believe these definitions exist because of the unfortunate decision to implement an element of the TCR Decision for storage sites only, as opposed to all forms of generation i.e. to ensure storage sites avoid residual charges before a decision was made on the TCR.</p> <p>The change proposals<sup>3</sup> which implemented the basis of these definitions are now redundant as a result of the TCR Decision, other than to accommodate a timing issue where storage will benefit comparably to all other generators for a period of one year.</p>	

<sup>3</sup> DCP341 and DCP342 - Removal of residual charging for storage facilities in the CDCM and EDCM respectively.

		<p>We do not believe these definitions are needed to facilitate the definition of a Final Demand Site.</p> <p>However, if they are to be retained for posterity, we believe the definitions are appropriate.</p> <p>Also, and as noted in response to question five, we can see how the potential use of option C renders the need for certification unnecessary.</p>	
Npower Limited	Non-confidential	Yes we agree with the proposed definitions.	
Opus Energy Ltd	Non-confidential	Yes. The defined terms for 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' align (as far as possible) with that being proposed by CMP332.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes – these appear to be clear definitions that would remove ambiguity. That they mostly align with CMP332 proposals is helpful as the TCR affects the relevant D & T Codes.	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN agree with the proposed definitions for 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility', if option B or C are taken forward. However, as stated in Question 6, our preference would be option A.	
SSE Energy Supply Limited	Non-confidential	SSE agrees that the proposed definitions for 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' are appropriate and necessary if option B or C is taken forward as the definitions are robust and are necessary in order to implement either of these 2 options.	
The Electricity Network Company	Non-confidential	Yes.	

UK Power Networks	Non-confidential	We believe the terms as defined are appropriate but as started above we do not believe that they are necessary for the changes which this change is proposing.	
UK Power Reserve Ltd.	Non-confidential	Yes. We support these definitions as they align with the CUSC definitions. Consistency across the two codes need to be maintained.	
Veolia UK	Non-confidential	Yes these are sensible and make good use of the definitions in DCP 341/342.	
WPD	Non-confidential	From our understanding of the consultation document Option B is Option A but where the site owner/ supplier has to provide certification there is no final demand. It shouldn't be necessary for a final generation site to have to provide certification for all sites and this could provide a delay in the implementation of removing residual from generators and storage sites. Option C is the method provided by Frontier during the impact analysis which assumes a one size fits all approach. This is clearly not the case as is proved by the EHV comparisons where the DNO identifies the generation sites based on analysis and knowledge of the sites compared to the generation sites identified using the Frontier Analysis.	
Good Energy Limited	Non-confidential	Yes	

Company	Confidential/ Anonymous	8. Do you agree that Final Demand Site applies to sites connected to networks owned by DNOs and LDNOs alike, and do you agree that any further LDNO considerations on residual charges are out of scope of DCP359? Please provide the rationale behind your respon	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE considers that final demand site should be applied to DNOs and LDNOs alike.	
CI Biomass Management Ltd	Non-confidential	No comment	



Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	Yes.	
EDF	Non-confidential	Yes, the site is a Demand site and it should be irrelevant as to which part of the network it is connected to and whether the network owner is licensed or licensed exempt.	
Electricity North West	Non-confidential	Yes, Final Demand Sites apply to both DNO and LDNO sites and no further clarification is required in this DCP.	
ESP Electricity	Non-confidential	We agree that the applicability of a Final Demand Site would be identical between IDNOs and DNOs and that eligibility will be uniform between networks under the current arrangements.	
GridBeyond Limited	Non-confidential	GridBeyond agrees that Final Demand Site applies to customers connected to DNOs and LDNOs.	
Haven Power	Non-confidential	Yes.	
Inenco	Non-confidential	Yes. To avoid any market distortions, it is best that all networks operate under the same rules.	
Leep Electric Networks Ltd	Non-confidential	Yes: eligibility to pay residual charges is consistent between DNO- and LDNO-connected customers so no change is required.	
National Grid ESO	Non-confidential	We support the Workgroups view in that Final Demand Sites connected to any licensed network (DNO, IDNO or Transmission) should pay the relevant residual charge	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes. We believe this is essential to deliver the directed requirement, and where the Authority set out that it “ <i>expects that the IDNO charging regime ... to continue to function as it does today</i> ”. We believe the intent of this statement is to ensure discounts continue to be applied to LDNO charges, but a comparable Final Demand Site connected to an LDNO as opposed to a DNO, should both receive a residual fixed charge.	
Npower Limited	Non-confidential	Yes we agree that DNO and LDNO (iDNO) connections should be subject to the same rules.	

Opus Energy Ltd	Non-confidential	Yes. We agree with the Working Group view that a Final Demand Site applies equally to a site connected to the DNO Party network as it does to any network embedded within it owned by a different distributor.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes, but need to know where the considerations will be covered off	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes. All customers should be treated equally for DUoS charges, and we agree with the WG that any further LDNO considerations of residual charges is out of scope of DCP359.	
SP Distribution / SP Manweb	Non-confidential	Yes we agree that Final Demand Site applies to sites connected to both networks owned by DNOs and LDNOs. If further LDNO considerations on residual charges were necessary, they should be covered by DCP359.	
SSE Energy Supply Limited	Non-confidential	SSE agrees that Final Demand site applies to sites connected to networks owned by DNOs and LDNO alike as customers and sites connected to LDNOs pay residual charges under the current arrangements and SSE, therefore, agrees with the Working Group that eligibility should apply consistently to DNOs and LDNOs under the proposed arrangements. SSE also agrees that any further LDNO considerations on residual charges are out of scope of DCP359.	
The Electricity Network Company	Non-confidential	We agree that, for the purposes of DNO DUoS and TNUoS charging, the definitions will apply to sites connected to DNO and IDNO networks alike. We believe that any further considerations on LDNO residual charges are out of scope of this change and the application of this schedule in line with each IDNOs charging methodology shall be a matter for each IDNO to consider individually.	
UK Power Networks	Non-confidential	We do not believe that there is any material difference between a site connected to either a DNO or LDNO, as such the same arrangements and treatment should apply. If it was felt that changes to LDNOs were necessary then we believe it would be appropriate to have these discussions as part of DCP359.	
UK Power Reserve Ltd.	Non-confidential	n.a.	
Veolia UK	Non-confidential	Yes, the same definitions of Final Demand, Single Site and Final Demand Site should apply to LDNOs.	

WPD	Non-confidential	Yes, WPD agree that the Final demand site applies to both DNOs and LDNOs	
Good Energy Limited	Non-confidential	Yes	

Company	Confidential/ Anonymous	9. Do you agree with the proposed treatment of private networks and complex sites? Please provide the rationale behind your response	Working Group Comments
Association for Decentralised Energy	Non-confidential	<p>The ADE considers that the proposal set out in the modification consultation is not clear. We have understood it as proposing that complex sites involving private wire will be charged residuals on the basis of the grouped collection of MPANs specified in the bespoke connection agreement and constituting in this case, a single site.</p> <p>On this basis, the ADE supports the proposal.</p>	
CI Biomass Management Ltd	Non-confidential	<p>No, there is no proper consideration of the situation where more than one connection agreement (and MPAN) relates to a single customer demand site. Whilst the consultation paper notes that most DNOs will only levy a single residual charge to the site (by designating a lead MPAN and subsidiary MPANs), in the RFI it is clear that DNOs, including those of Western Power Distribution, can only do this where the same supplier is registrant for all MPANs. This must not be carried over into the allocation of residual charges pursuant to the TCR, otherwise a customer's choice of supplier would be constrained if it wishes to avoid "double charging" across multiple MPANs. This is particularly relevant for private networks where one or more customer has chosen to avail itself competition in supply. The consultation document discusses the situation where DNOs may choose to implement appropriate arrangements for private networks with competition in supply, but we can't see where this is catered for in the legal drafting</p>	
Citizens Advice	Non-confidential	<p>Yes, this solution seems like an appropriate compromise. However, we would like to see a consistent approach towards the treatment of complex sites; further changes to the charging methodologies to reflect this (outside of TCR timescales) would be welcome.</p>	
E.on	Non-confidential	Yes	

EDF	Non-confidential	Yes as it continues with the current arrangements until a more robust solution can be put in place through DCP328.	
Electricity North West	Non-confidential	Yes, we support the analysis set out in the consultation document.	
ESP Electricity	Non-confidential	Yes, we agree with the approach taken by the working group regarding the treatment of private networks and complex sites.	
GridBeyond Limited	Non-confidential	GridBeyond agrees with the proposed treatment of private networks set out by the Working Group. However, more clarity than offered in the DCP 359 consultation text will be required to specify exactly how parties connected to a private network will be treated	
Haven Power Ltd	Non-confidential	Yes.	
Inenco	Non-confidential	As eluded to in our answer to question 4, if this were to include sites detailed in our example, we believe it would be necessary to expand the definition to include them.	
Leep Electric Networks Ltd	Non-confidential	Yes: private networks and any individual MPANs within can be Final Demand Sites so should be eligible for residual fixed charges.	
National Grid ESO	Non-confidential	As we do not have experience in private networks or complex sites we do not feel we are able to comment on this topic other than to remind the Workgroup of the intention of Ofgem's direction and to avoid signals/incentives for Users to avoid residual charges.	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes. We do not believe that the TCR can, in isolation, deliver the necessary changes to the charging methodologies to ensure that private wire and complex sites are treated consistently by all distributors and comparable to 'standard' sites. Whilst potentially conflicting obligations and charging methodologies exist, we believe it is appropriate to ensure that distributors can fulfil those obligations and whilst ensuring sensible charging arrangements are in force and as agreed with/requested by the customer. We believe it is essential that, under current arrangements, where a fixed charge is currently levied, a residual fixed charge will also be levied; providing the site is a Final Demand Site, regardless of the 'classification' of that site.	

Npower Limited	Non-confidential	We have some concerns regarding the appropriateness of treatment of complex sites (as expressed elsewhere in our response). We will consider proposals to address these issues under DCP328.	
Opus Energy Ltd	Non-confidential	Yes. Given the very challenging timescales to deliver a solution to meet the requirements of the TCR Directions we agree with the Working Group view that DCP359 cannot resolve these issues in isolation. We therefore agree that DCP359 should allow distributors to adopt different approaches as agreed at the request of the customer.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes. It's a sensible proposal. DCP 328 is seeking to solve these complexities. There is no need to duplicate that effort in DCP359.	
SP Distribution / SP Manweb	Non-confidential	Yes we agree with the proposed treatment of private networks and complex sites.	
SSE Energy Supply Limited	Non-confidential	SSE agrees with the proposed treatment of private networks and complex sites because SSE agrees with the principle that where a 'forward-looking' fixed charge is currently levied by the distributor, a residual fixed charge should also be levied, providing the site is a Final Demand Site.	
The Electricity Network Company	Non-confidential	Yes. Although we understand the position in the consultation that there are arguments which indicate that appropriate treatment is arguably not provided under current arrangements, we agree that the application of the residual charge cannot be considered in isolation of the forward looking element of the charges. We believe that the most appropriate solution at this stage is to continue with the current approach and levy a residual charge to private networks where a charge applies now (either at the boundary or in embedded metering points).	
UK Power Networks	Non-confidential	Yes, we strongly support the discussion that any changes does not introduce any additional boundaries to this group of customers, but it is important that the DNO (or LDNO) understands if the site is final demand so appropriate treatment can be given.	

UK Power Reserve Ltd.	Non-confidential	Yes, we agree with maintaining the current arrangements for private networks and complex sites.	
Veolia UK	Non-confidential	We have understood it as proposing that complex sites involving private wire will be charged residuals on the basis of the grouped collection of MPANs specified in the bespoke connection agreement and constituting in this case, a single site. If this is the case, it seems in line with existing industry practices and therefore feasible.	
WPD	Non-confidential	Yes, these need to be looked at under a separate Change proposal.	
Good Energy Limited	Non-confidential	Yes – it appears to be the working group’s opinion that attempting to provide resolution for treatment of private network and complex site UoS charging arrangements would lead to delay, and in any case may be catered for under CMP 328.	

Company	Confidential/ Anonymous	10. Do you consider that DCP359 better facilitates the DCUSA Charging Objectives? If so, please detail which of the charging objectives are better facilitated and provide your supporting reasons. If not, please provide supporting reasons	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE agrees.	
CI Biomass Management Ltd	Non-confidential	Charging object 2 (facilitation of competition in generating and supply) is not met since the arrangement fail to deal adequately with the risk of double charging or the levying of a residual charge on the imports of some generators as discussed earlier.	
Citizens Advice	Non-confidential	We agree with the workgroup’s assessment.	
E.on	Non-confidential	Yes, insofar as DCP 359 is required to meet the TCR direction	
EDF	Non-confidential	We believe that objectives 1 and 2 are better facilitated through this change.	

Electricity North West	Non-confidential	Yes, it clearly meets objective 1 as it is implementing and Ofgem decision.	
ESP Electricity	Non-confidential	Yes we agree with the reasons specified in the Change Form that DCP 359 better facilitates the DCUSA Charging objectives.	
GridBeyond Limited	Non-confidential	GridBeyond agrees	
Haven Power Ltd	Non-confidential	Yes. Positive to Charging Objective One as DCP 359 implements specific requirements set out in the TCR Direction. Positive to Charging Objective Two as DCP 359 removes the existing distortion whereby storage only sites are eligible for use of system charges excluding the residual element, whereas other generators are not.	
Inenco	Non-confidential	We do not believe that DCP359 offers substantial improvements compared with the current system. The Ofgem TCR decision was intended to prevent consumers from using demand management to avoid paying what was deemed to be their 'fair share' of TNUoS costs, but demand management has a much lower impact on DUoS costs, so the rationale is less strong. The implementation of 4 bands per voltage for charging compared with £/kVA/day charges (assuming the MIC is removed or is very small as a result of the SCR changes) means that many sites may be less incentivised to make minor reductions in agreed capacity (either because they won't fall into a lower banding or because they will be locked into a band for several years). This is contrary to the desire to free up capacity on our networks. We believe that DUoS charging will need to undergo significant changes as the UK looks to meet its Net Zero Carbon ambitions and the DNOs become DSOs operating smart grids. However, it is not clear how the changes in residual charges will help us to meet these challenges.	
Leep Electric Networks Ltd	Non-confidential	Yes. Objectives: 1. CP facilitates compliance with licence requirements set out by Authority's TCR decision; Removes existing distortion between storage-only and generators.	
National Grid ESO	Non-confidential	We agree with the proposer and their rationale that that this change proposal will be positive against DCUSA objectives 1 and 2 whilst being neutral against the others.	

Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	As proposer of DCP359 our view remains that DCUSA Charging Objectives one and two are better facilitated; with no impact on the others. 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. DCUSA Charging Objective two is better facilitated by removing the existing distortion whereby storage only sites are eligible for use of system charges excluding the residual element, whereas other generators are not.	
Npower Limited	Non-confidential	Yes DCP359 allows the DNOs to satisfy their TCR obligations	
Opus Energy Ltd	Non-confidential	Yes. Positive to Charging Objective 1 as this supports the requirements of the TCR Directions and facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence; and Positive to Charging Objective 2, as this supports the requirements of the TCR Directions and compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Agree that DCUSA Charging Objectives 1 & 2 are better met through implementing DCP 359. 1: DNO Licence compliance. 2: removes the distortion that allows only storage sites an exemption from residual demand charges, by extending that to all eligible generators.	
SP Distribution / SP Manweb	Non-confidential	SPEN agree with the Working Group that Charging Objective One and Two are better facilitated for the reasons outlined in the consultation document.	
SSE Energy Supply Limited	Non-confidential	SSE agrees with the proposer that DCP 359 better facilitates DCUSA Charging Objectives 1 and 2.	
The Electricity Network Company	Non-confidential	Yes, we believe that DCP 359 better facilitates Charging Objectives 1 and 2 for the reasons stated by the working group in the consultation document.	



UK Power Networks	Non-confidential	We agree with the WG that Charging Objective One will be better facilitated by ensuring DNOs are compliant with the licence in relation to SCR, by implementing specific requirements set out in the TCR Direction. Charging Objective Two will be better facilitated by removing the distortion introduced by DCP341 and 342 whereby storage only sites are eligible for use of system charges excluding the residual element, whereas other generators are not. We believe that this change is neutral for all other objectives.	
UK Power Reserve Ltd.	Non-confidential	Yes, we believe that DCP359 better facilitates DCUSA Charging Objectives 1 and 2 for the reasons provided by the Proposer.	
Veolia UK	Non-confidential	Yes - this DCP is required in order for DNOs to discharge their obligations under the Targeted Charging Review.	
WPD	Non-confidential	This DCP better facilitates charging objective one as it is an enabler for the TCR direction and charging objective 2 as it removes residual from generators following the decision for DCP341/342 where residual was removed from electricity storage sites.	
Good Energy Limited	Non-confidential	Objective 2: There is a danger that smaller distributed generators are disadvantaged by this change, possibly distorting competition in the generation and supply of electricity as a result. Please see our answer to question 14 for more details.	

Company	Confidential/ Anonymous	11. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No further comments.	
CI Biomass Management Ltd	Non-confidential	No	

Citizens Advice	Non-confidential	No	
E.on	Non-confidential	No	
EDF	Non-confidential	No	
Electricity North West	Non-confidential	We are not aware of any other industry developments that may impact or be impacted by this change.	
ESP Electricity	Non-confidential	We are not aware of any wider industry developments that have not already been considered in the CP.	
GridBeyond Limited	Non-confidential	GridBeyond is not aware of any impacts that this CP will have on any other industry developments, or any industry developments which this CP will impact upon.	
Haven Power Ltd	Non-confidential	Considering Ofgem's decision on CMP332, we believe an alignment of the implementation of DCP359/CMP334 with the revised CMP332 implementation date of 1 <sup>st</sup> April 2022 would be more appropriate.	
Inenco	Non-confidential	The separate consultations on design and access and forward-looking charges will also impact DUoS charges and we feel that it would be better to implement all changes to DUoS charges at the same time.	
Leep Electric Networks Ltd	Non-confidential	None	
National Grid ESO	Non-confidential	We are not aware of any interactions in addition to those highlighted in the workgroup consultation	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	No, but we must ensure that changes resulting from DCP359 are consistent with those introduced into the Connection and Use of System Code (CUSC). We recognise that this is the reason behind DCP359 progressing as a joint working group with CUSC Modification Proposal (CMP) 334 'Transmission Demand Residual - consequential definition changes (TCR)'.	
Npower Limited	Non-confidential	No	

Opus Energy Ltd	Non-confidential	As set out in our response to Q12) in light of Ofgem's decision on CMP332 'Transmission Demand Residual bandings and allocation (TCR)', we would favour alignment of implementation of DCP359 (and CMP334) with the revised CMP332 implementation date of 1 <sup>st</sup> April 2022.	
ScottishPower Energy Retail Ltd	Non-confidential	No	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	As noted above DCP328 is considering complex & private networks.	
SP Distribution / SP Manweb	Non-confidential	SPEN are not aware of any wider industry developments that may impact upon or be impacted by this CP.	
SSE Energy Supply Limited	Non-confidential	SSE is not aware of any wider industry developments that may impact or be impacted by these CPs, recognising that there is an interdependence with the other DCUSA and CUSC TCR modifications.	
The Electricity Network Company	Non-confidential	No	
UK Power Networks	Non-confidential	DCP328 which is reviewing the arrangements for Private Networks has not concluded and seems to be currently 'On Hold' could impact upon the TCR changes, but as the TCR charges are progressing first it would be most appropriate to ensure that DCP328 deals with any changes the TCR takes forward when that change commences again.	
UK Power Reserve Ltd.	Non-confidential	No.	
Veolia UK	Non-confidential	No.	
WPD	Non-confidential	No	

Good Energy Limited	Non-confidential	CMP 328 – See question 9.	

Company	Confidential/ Anonymous	12. Are you supportive of the proposed implementation date being 5 Working Days following Authority approval, subject to Authority approval of DCP 358 and DCP 360 at the same time, or if DCP 359 is approved earlier than DCP 358 and DCP 360 then implementation will be 5 Working Days from the Authority approving DCP 358 and DCP 360?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE supports this approach.	
CI Biomass Management Ltd	Non-confidential	No comment	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	Yes.	
EDF	Non-confidential	Yes	
Electricity North West	Non-confidential	We support the proposed implementation date as it ties in with the wider TCR implementation project.	
ESP Electricity	Non-confidential	Yes, we support the alignment of implementation of this CP with that of 358 and 360.	
GridBeyond Limited	Non-confidential	GridBeyond supports this approach.	
Haven Power	Non-confidential	No.	

		<p>CMP334 and DCP359 have implicit links with the methodology being developed under CMP332 'Transmission Demand Residual bandings and allocation (TCR)'.</p> <p>One of the reasons Ofgem consented to the withdrawal of CMP 332 was that a number of suppliers and large energy consumers had expressed concerns arising from the lack of certainty in 2021 TDR charges on the non-domestic supply market. There was also a view that the timeline for implementing the TDR reforms contains significant risks, with concerns that accurate charges may not be delivered on time.</p> <p>Like most suppliers we fix our electricity prices for many of our non-domestic customers in advance and uncertainty means we are not able to accurately estimate the charges they will incur in 2021 for these customers.</p> <p>Added to this challenge is the current COVID-19 lockdown situation and so considering Ofgem's decision on CMP332 we believe alignment of the implementation of DCP359 with the revised CMP332 implementation date of 1st April 2022 is far more appropriate.</p>	
Inenco	Non-confidential	<p>We believe the timescales within which these changes are being pushed through are too short to ensure customers are not unintentionally disadvantaged. This consultation is being run at a time of national emergency and coincides with the Easter holidays when Non-domestic users who will be hit hardest by these changes are facing the largest change of priorities and upheavals since the second world war.</p> <p>We believe it is unreasonable to expect them to give this matter the attention it deserves in such turbulent times. Ofgem has identified security of supply and protecting vulnerable customers as their top priority, not these changes.</p> <p>In view of this we believe a derogation, delaying publication of the LC14 2022/23 charging statement would be appropriate to allow time for wider consultation and an extension of time scales to facilitate the fair implementation of these changes. Alternatively delaying the implementation to April 2023 would be an appropriate option.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes	
National Grid ESO	Non-confidential	<p>We are broadly supportive of the implementation approach however we believe DCP359 could be implemented ahead of DCP358 and DCP360 if needed be. If this was the case, then definitions would be added to DCUSA but they would have no practical effect.</p>	

Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	Yes.	
Npower Limited	Non-confidential	Yes	
Opus Energy	Non-confidential	<p>No.</p> <p>CMP334 and DCP359 have been raised to allow the methodology that is being developed under CMP332 'Transmission Demand Residual bandings and allocation (TCR)' to function.</p> <p>Ofgem has recently consented to the withdrawal of CMP 332 and have directed NGESO to raise a new proposal, to enable reforms to Transmission Demand Residual charges to be effective as of 1 April 2022. Amongst the reasons for Ofgem's decision was that a number of suppliers and large energy consumers have expressed difficulties arising from the lack of certainty in 2021 TDR charges on the non-domestic supply market.</p> <p>Lack of certainty around TDR network charges from April 2021 is being driven by two factors:</p> <ol style="list-style-type: none"> <li>1) Accurate charges for April 2021 will not be available until late 2020, due to the new data requirements of the new charging structure and the code modification timeline; and</li> <li>2) There is an increasing industry view that the timeline for implementing the TDR reforms contains significant risks, with concerns that accurate charges may not be delivered on time.</li> </ol> <p>Most suppliers fix their electricity prices for many of their non-domestic customers in advance, through contracts. The current uncertainty means that energy suppliers are not able to accurately estimate the charges they will incur in 2021 for these customers.</p> <p>The challenging timescales associated with the TCR are exacerbated by the current exceptional COVID-19 lockdown situation, and so, in light of Ofgem's decision on CMP332, we would favour alignment of implementation of DCP359 with the revised CMP332 implementation date of 1st April 2022. There is also a potential risk that, if CMP332 is amended that DCP359 and CMP334 may not be in line with such amendments.</p>	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	

Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes SPEN are supportive of the proposed implementation date.	
SSE Energy Supply Limited	Non-confidential	SSE believes that if DCP 359 is approved earlier than DCP 358 and DCP 360 it should be implemented 5 Working Days after DCP 358 and 360 are approved, so that all three DCPs are implemented at the same time.	
The Electricity Network Company	Non-confidential	Yes	
UK Power Networks	Non-confidential	We believe that that it would be useful if all the TCR changes are approved at the same / similar time, and so remain neutral to the effective date of each change as long as they take effect at broadly the same time.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
Veolia UK	Non-confidential	Yes	
WPD	Non-confidential	Yes	
Good Energy Limited	Non-confidential	Yes	

Company	Confidential/ Anonymous	13. Do you have any comments on the draft legal text for DCP 359?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No comments.	
CI Biomass Management Ltd	Non-confidential	No comment	
Citizens Advice	Non-confidential	Not answered.	
E.on	Non-confidential	No Comments.	
EDF	Non-confidential	No	
Electricity North West	Non-confidential	No, drafting meets the intent of the proposal	
ESP Electricity	Non-confidential	We have no additional comments on the draft legal text provided for DCP 359.	
GridBeyond Limited	Non-confidential	No comment	
Haven Power Ltd	Non-confidential	No.	
Inenco	Non-confidential	The draft legal text will require altering depending upon the outcome of this consultation process. Regardless should the definition of a site be based on the “Alternative Option” we would suggest replacing the word premises with Site.	
Leep Electric Networks Ltd	Non-confidential	None	



National Grid ESO	Non-confidential	We have addressed our comments on the legal text as we have written this response, the only additional comment on the text we'd like to make was to reinforce the need to ensure it is consistent with the equivalent CUSC modification (CMP334)	
Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	As noted in response to question four, we propose to replace 'is' with 'are' in the definition of Single Site such that it " <i>means the premises that <u>are</u> associated with a Bespoke Connection Agreement or the National Terms of Connection</i> ". This may help with dealing with (e.g.) complex sites. As noted in response to question seven, we believe that the terms 'Electricity Storage', 'Electricity Generation' and 'Eligible Facility' are unnecessary for the purpose of defining a Final Demand Site, and where we believe that any relevant criteria would be best suited in the definition of the term to avoid unnecessary complications.	
Npower Limited	Non-confidential	No	
Opus Energy Ltd	Non-confidential	No.	
ScottishPower Energy Retail Ltd	Non-confidential	No	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments on the legal text.	
SSE Energy Supply Limited	Non-confidential	SSE does not have any comments on the draft legal text for DCP 359.	
The Electricity Network Company	Non-confidential	None	

UK Power Networks	Non-confidential	We believe that the changes proposed by the WG to the legal text for DCP359 are appropriate and have no changes to make.	
UK Power Reserve Ltd.	Non-confidential	The legal text needs to clarify that indeed generators and storage facilities that are standalone facilities are exempt from residual charges. We don't think the legal text is clear on this and reads as if all sites need to provide a certification showing that they are not Final Demand. The intent of the mod needs to be properly reflected i.e. that the need for a certification applies only to import MPANs that are not those that qualify for zero residual charges under DCP341/342 (plus standalone generation sites).	
Veolia UK	Non-confidential	No	
WPD	Non-confidential	No	
Good Energy Limited	Non-confidential	No	

Company	Confidential/ Anonymous	14. Do you have any further comments on DCP 359?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No further comments.	
CI Biomass Management Ltd	Non-confidential	No comment	
Citizens Advice	Non-confidential	No	
E.on	Non-confidential	No comments.	
EDF	Non-confidential	No	

Electricity North West	Non-confidential	No.	
ESP Electricity	Non-confidential	No further comments.	
GridBeyond Limited	Non-confidential	No comment	
Haven Power Ltd	Non-confidential	No.	
Inenco	Non-confidential	<p>We believe the timescales within which these changes are being pushed through are too short to ensure customers are not unintentionally disadvantaged. This consultation is being run at a time of national emergency and coincides with the Easter holidays when Non-domestic users who will be hit hardest by these changes are facing the largest change of priorities and upheavals since the second world war. We believe it is unreasonable to expect them to give this matter the attention it deserves in such turbulent times. Ofgem has identified security of supply and protecting vulnerable customers as their top priority, not these changes.</p> <p>In view of this we believe a derogation, delaying publication of the LC14 2022/23 charging statement would be appropriate to allow time for wider consultation and an extension of time scales to facilitate the fair implementation of these changes. Alternatively delaying the implementation to April 2023 would be an appropriate option.</p>	
Leep Electric Networks Ltd	Non-confidential	None	
National Grid ESO	Non-confidential	<p>We believe the CUSC and DCUSA workgroups still need to address the following areas;</p> <ol style="list-style-type: none"> <li>1. How parties connected to two networks would be charged (e.g. a DNO network and the transmission network) – in this instance we believe the Final Demand Site should be subject to two charges (one from each network).</li> <li>2. Whether there needs to be any special consideration for Electric Vehicles (EV) and if dedicated EV charging facilities would be considered as Final Demand or not.</li> <li>3. Whether there needs to be any special consideration for which only (and will only ever) provide Ancillary Services to ESO or DNOs.</li> </ol>	

Northern Powergrid (Northeast Ltd) (Yorkshire plc)	Non-confidential	As noted in response to question five, we encourage the working group to explore a proportionate approach to certifying that a site is a non-Final Demand Site, and have offered one suggestion; noting that it would primarily impact a different change proposal (specifically DCP360). Finally, and in general, we encourage the working group to recognise that, where a perceived unfair impact may result from the implementation of the TCR Decision, the charges levied as a result of the current arrangements should not be considered to be fair. Therefore a site that does not currently receive a residual charge, but may as a result of the changes, is not to say the proposed solution is necessarily unfair in isolation.	
Npower Limited	Non-confidential	No further comments.	
Opus Energy Ltd	Non-confidential	No.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes – we believe consideration has to be made of how the TCR suite of changes can be communicated / explained to customers. These are complex changes that suppliers will struggle to understand themselves. We believe it will help customers if a single source of information could be created (e.g. via DCUSA website, ENA or at a DNO level). Given the impact on contracts / tariffs being negotiated now we believe this has to be done in line with the DCUSA change proposals implementation dates	
Southern Electric and Scottish Hydro Electric Power Distribution	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No further comments.	
SSE Energy Supply Limited	Non-confidential	SSE does not have any further comments on DCP 359.	
The Electricity Network Company	Non-confidential	None.	

UK Power Networks	Non-confidential	No.	
UK Power Reserve Ltd.	Non-confidential	No.	
Veolia UK	Non-confidential	No	
WPD	Non-confidential	No	
Good Energy Limited	Non-confidential	<p>DCP359 does not fully solve the issue with defining sites. Whilst we agree with the 3 definitions in option B (question 6), it fundamentally does not address the issue of getting thousands of distribution connected generators exempt by the time the bands are set - it must be done before the bands are set as this would have an impact on the volume and site count used for setting the bands.</p> <p>It is not practicable and proportionate to expect all these sites to request a certificate from their supplier in the timescales available. It is not fair to charge these sites the residual charge until they do so either.</p> <p>Therefore, we believe a transitional arrangement is required to allow a grace period for distribution connected generators to actively gain a certificate from their supplier. Our solution to this is to use the methodology used by Frontier in the Ofgem analysis, but for all voltage levels.</p> <p>If this data is not easily available, then DNOs should produce a new solution with the same intention. As a supplier is it is impossible to know the level of information available to a DNO, and their capabilities to solve this issue, and attempts to help the DNOs solve this challenge have largely gone unanswered.</p> <p>The easiest sites to ignore in the process are the ones that are not widely represented at the table, for this modification these sites are the distribution connected generators. These sites have not been given the importance afforded to other sites (e.g storage) because of the challenge they pose, but this is not a good reason for them to be underserved.</p>	