



Attachment 1- DCP 360 Collated Party Votes (Parties)

Voting end date: 12 June 2020

DCP 360 'OFGEM TARGETED CHARGING REVIEW IMPLEMENTATION: ALLOCATION TO BANDS AND INTERVENTIONS'	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION	Accept	Accept	Accept	None Received	N/A
IMPLEMENTATION DATE	Accept	Accept	Reject	None Received	N/A
RECOMMENDATION	<p>Change Solution – Accept.</p> <p>For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category, which voted to accept the proposed variation (solution), was more than 50%.</p> <p>DCUSA Parties' have voted and recommend to the Authority to determine that the proposed variation (solution) is accepted for DCP 360.</p> <p>Implementation Date – Accept.</p> <p>For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category, which voted to accept the implementation date, was more than 50%.</p> <p>DCUSA Parties' have voted and recommend to the Authority to determine that the implementation date is accepted for DCP 360.</p>				
PART ONE MATTER OR PART TWO MATTER?	Part One – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				
Electricity North West	Accept	Accept	We believe Charging Objective 1 will be better facilitated by this Change Proposal as it will enable compliance with Licence obligations in respect of the SCRs and that the impact on the other Charging Objectives will be neutral.	We support the implementation date as it's consistent with an April 2022 go-live of the overall TCR methodology as set out in Ofgem's TCR Direction to us and the other DNOs. However, due to the impact of COVID-19 on units distributed, which will impact the banding for non-domestic customers and the relative recovery of the residual between different types of customer, we believe the implementation date for the TCR methodology should be delayed to April 2023. This has the benefit of aligning to the implementation of the Access SCR. If Ofgem choose to stay with an April 2022 implementation for the TCR then we believe charges should be amended in December 2021 when the COVID-19 impacts should have stabilised. This may require subsequent modifications to some of the dates.
Northern Powergrid (Northeast) Ltd	Accept	Accept	We agree with the proposer that DCP360 will better facilitate DCUSA Charging Objectives one, but also believe that it should better facilitate DCUSA Charging Objective two; with no impact on the others.	As indicated throughout the working group meetings, and in response to the consultation, we believe it would be more appropriate to provide for allocating a site based on something other than an average of data, even where that data is available.
Northern Powergrid (Yorkshire) plc	Accept	Accept	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 should be better facilitated by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market. We say 'should' as we believe the working group has failed to include provision to avoid a 'computer says yes' approach to allocating sites when residual charging bands are initially determined.	We believe this should be adopted where there is less than 24 months of data, and which would be in accordance with the intent of the TCR Direction, but we also believe it could be adopted if there is at least 24 months of data available. Whilst the latter may not be in line with the TCR Direction strictly speaking, we believe it would ultimately allow distributors to more properly assess the appropriate band to which a site should be allocated. We believe that providing for this proactive approach would reduce the potential for reallocations mid-price control period via a successful dispute.

Southern Electric Power Distribution plc	Accept	Accept	DCUSA Charging Objective 1 is arguably better facilitated by the adoption of DCP 360.	None
Scottish Hydro Electric Power Distribution plc	Accept	Accept		
SP Manweb	Accept	Accept	We agree that the DCUSA Objective 1 would be better facilitated for the reasons outlined in the consultation.	
SP Distribution	Accept	Accept		
Eastern Power Networks	Accept	Accept	We believe that Charging Objective One will be better facilitated by ensuring DNOs are compliant with licence requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction. We do not believe that any other Charging Objectives are better facilitated or impacted as a result of this DCP.	We would like to highlight that due to the impact of the Covid-19 pandemic on consumption data, that the appropriateness of the data extract for April 2022 charges may be detrimental to some customer groups. As such we believe it may be beneficial to use an alternative window for determining the banding and minimising any customer detriment.
London Power Networks	Accept	Accept		
South Eastern Power Networks	Accept	Accept		
WPD South West	Accept	Reject	Charging objective 1 as the DNOs are fulfilling objectives place on them by OFGEM	The decision to place an obligation on DNOs to implement the TCR was made prior to the situation Covid 19 pandemic. The sales the DNOs customers were observing prior to the lockdown, during the lockdown and following could be very different. Therefore it is recommended the implementation of the TCR be delayed until sales following the pandemic have stabilised.
WPD South Wales	Accept	Reject		
WPD West Midlands	Accept	Reject		
WPD East Midlands	Accept	Reject		
IDNO Parties				
The Electricity Network Company Limited	Accept	Accept	We believe that this change proposal ensures that the DCUSA better meets charging objective 1.	
ESPE Electricity Ltd	Accept	Accept	ESPE agrees with the Working Group that Charging Objective 1 would be better facilitated by the	None.

			implementation of this change proposal.	
Leep Electricity Networks Ltd	Accept	Accept	Objective 1: Helps ensure parties are compliant with licence conditions following TCR; Objective 2: Ensuring network costs are recovered fairly from users.	None
SUPPLIER PARTIES				
British Gas	Accept	Accept	Charging Objectives 1 is better facilitated as this change is required to implement the TCR Direction.	The impact of the country-wide lockdown resulting from Covid-19 is likely to have a significant impact on the annual consumption of the population of LV no-MIC customers in particular. Therefore, there is a concern that the EAC snapshot proposed for the initial setting of bands (DCP358) and allocation to bands (DCP360) may represent a distorted dataset. We understand that Ofgem are continuing to consider this issue.
Npower / eon UK	Reject	Reject	We do not believe TCR better facilitates the DCUSA charging objectives.	<p>There is a major issue with the timing of these TCR changes which that could not have been anticipated at the time of the Ofgem decision. Covid-19 is causing large unprecedented changes to customer's consumption / pattern of use.</p> <p>The accuracy of the band setting process, and the allocation to the banding groups, could now be seriously flawed in the new post Covid-19 environment since a customer's demand or required capacity moving forward could change widely from the snapshot data that was used to set the bands or to allocate the customer.</p> <p>The TCR solution is being put in fundamentally to disincentivise some customers from reducing down their demand to avoid paying residual charges which in principle we are supportive of. however, in this current economic crisis, the large drops in demand from business customers will have little to do with whether or not they were trying to avoid paying electricity</p>

				<p>residual charges.</p> <p>Even if it is accepted that the band setting methodology can go ahead, allocating customers based on historical consumption / MIC could see customers locked into a higher consumption / kVA banding than their enduring requirement post Covid-19. For smaller customers in the consumption banded groups, their new consumption may be widely different (e.g. due to reductions in energy use as a consequence of social distancing, business downsizing etc). We would urge greater consideration is given to the fact that many UK businesses returning post lock-down are likely to be in a weakened / financially fragile state.</p> <p>Is now really the right time to implement such changes or should alternatives / delays be considered? There will be a subset of customers that are on the 'wrong side' of a price boundary who are therefore exposed to unnecessary hardship as they try to rebuild their businesses simply because they have been allocated to a band that is based on pre-covid consumption or capacity data.</p> <p>We note that a disputes process has been developed that allows for "Exceptional circumstances to cover a change to either the voltage of connection or a change of use or site configuration which results in a significant change to either the MIC or the annual consumption". We believe that a large proportion of the non-domestic market will meet this criteria as direct consequence of the economic downturn, exacerbating the ability for disputes to be resolved in a timely manner and consequently we fear that poses a significant risk of businesses failing.</p> <p>We believe it is important to provide a period of grace to allow organisations to review their estate and their operations and, where necessary, relinquish any no</p>
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				<p>longer needed MIC capacity before TCR is implemented. Otherwise, many customers may be locked into higher consumption or capacity bands for a long period of time.</p> <p>For that reason, we suggest that Ofgem should look at delaying implementation of the modification until Covid-19 impacts settle and realistic bandings / allocation to banding can be achieved.</p>
Good Energy Ltd.	Reject	Reject		<p>In spite of the assurances in the final report, and in the terms of reference, it is not clear the impacts of this modification on greenhouse gas emissions have been adequately assessed either relating to this modification individually, or as a result of its part in the wider TCR change process.</p> <p>There is no documentary evidence readily available online of any such conversation taking place among the workgroup. Similarly, a key member of the workgroup also expresses not having been party to any such discussion.</p> <p>Assuming such conversations did take place, it is essential that such documentation is readily available for scrutiny both by the industry at large, and by the Authority, to assess its adequacy.</p> <p>In the context of primary legislation requiring the transition to Net Zero, it is essential that any code modification takes proper account of its impact on greenhouse gas emissions.</p>
Haven Power Ltd & Opus Energy Ltd	Accept	Reject	<p>Haven Power</p> <p>We consider DCP 360 better facilitates DCUSA Objective 1 as it delivers the intent of the TCR.</p>	<p>Haven Power</p> <p>Whilst this CP delivers the intent of the TCR it is nonetheless a very challenging time. COVID-19 is causing enormous disruption to businesses and households with many livelihoods at risk. We strongly believe it would be appropriate to delay the implementation of the TCR to April 2023 to help customers avoid the additional burden of significant tariff disturbance which will result from these changes.</p>

				We also consider it important that if any delay is granted, we still maintain the current notice period for Network Charges. Maintaining this notice period will avoid the need for Suppliers to price additional risk premia into their contracts.
			Opus Energy We believe that DCUSA Objective 1 is better facilitated by this change because it delivers the intent of Ofgem's TCR Direction.	Opus Energy Although this change proposal delivers the intent of Ofgem's TCR Decision, it is nonetheless an exceptionally challenging time. The coronavirus pandemic has created significant disruption to businesses and households with many livelihoods at risk. We strongly believe it would be appropriate to delay implementation of the TCR to April 2023 in order to help customers avoid the additional burden of significant tariff disturbance which will result from TCR changes. We also believe it important that if any delay is granted, that the current notice period for Network Charges is maintained in order to avoid the need for Suppliers to price additional risk premia into their contracts.
OVO Energy	Reject	Reject	We do not agree with the TCR decision, though we recognise this change is in line with it. We believe that the implementation of the TCR decision should align with the implementation of changes arising from the ongoing Access and Forward Looking Charges SCR. We believe that the definition of a "residual charge" is still under review in this SCR and therefore the impact of this change will result in an arbitrary and unnecessary step change in costs until the SCR is implemented. In particular we note the significant increase in costs consumers in Northern Scotland will face as a result of these changes as indicated in the impact assessment performed for DCP361. We do not think this change should have progressed without such an impact assessment available at the workgroup stage.	We believe that there may be a need for a "non-final demand" domestic site in the future, and the inclusion of that band at this stage would be a simple and minor step that would avoid a lengthy process in future when this band is required. We are concerned about the impact of covid-19 on data collection for band calculation and band allocation. In particular, we are concerned that domestic customers will face an artificial inflation of costs, bearing a larger share of residual charges as a result of the short-term volume impacts of covid. Without review, this could result in higher relative costs for consumers for an extended period, of 5 years.

			We also believe that much of the complexity in the changes outlined would also be resolved by aligning the implementation of the workstreams.	
Equinicity Ltd	Reject	Reject	-	<p>We believe the long term rigidity of customer allocation to banding is counter intuitive to working towards a flexible grid to achieve net 0 carbon. The Ofgem decision does point to banding and allocation in line with transmission price control. The exceptional circumstance to change bandings, are however to prohibitive set at 50% increase or decrease. Consumers should be rewarded for implementing efficiency measures. Relinquishing capacity should be incentivised so it can be used for other anticipated necessary increases in demand such as increased EV charging. Freeing up existing capacity will come at a much lower cost to the end consumer than expensive network reinforcements. When investing in energy saving measures payback time is one of the big incentives for implementation. An incentive that is drastically reduced when a large proportion of payback is not accessible until 5 years down the line. Even more if you consider the averaging of 24 months of data used prior to the banding allocation which takes place t-2 from the first charging year. Most energy efficiency investments cannot boast a 50% reduction to come under the exceptional circumstance. This should be addressed especially when the pricing between two bands can exceed 100% increase in residual charge.</p> <p>Furthermore several businesses are sure to see drastic change to structures following COVID-19.</p>
SSE Energy Supply Limited	Accept	Accept	We agree that the change better facilitates DCUSA Charging Objective 1. We are neutral with regards the impact of this change on charging objectives 2 and 3.	
UK Power Reserve	Accept	Accept	Charging Objective 1 will be better facilitated by ensuring DNOs are compliant with licence	No.

			requirements in relation to SCRs, by implementing specific requirements set out in the TCR Direction.	
CVA REGISTRANTS				
GAS SUPPLIER PARTIES				