

## DCP 358/360 Collated Consultation Responses

Company	Confidential/ Anonymous	1. Do you understand the intent of these CPs?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	Yes	
GridBeyond Limited	Non-confidential	Yes	
Haven Power	Non-confidential	Yes. Although in light of Ofgem's consent to delay CMP 332 to April 2022, consideration needs to be given to whether there are any implications for these modifications and whether the time gained can be used to improve/simplify any solution for the benefit of Customers.	
Inenco Group Ltd	Non-confidential	Yes	
Leep Electric Networks Ltd	Non-confidential	Yes	
National Grid Electricity System Operator	Non-confidential	Yes.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes.	
Npower	Non-confidential	Yes	
Opus Energy Ltd	Non-confidential	Yes.	

(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes we understand the intent of these CPs.	
SSE Energy Supply Limited	Non-confidential	Yes, as SSE Energy Supply Ltd., we have participated in the Working Group meetings and reviewed the relevant documentation.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	2. Are you supportive of the principles that support these CPs, which is to create a process to determine the Banding Boundaries & Allocation of customers to those bands as well as a process for disputes and interventions?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes – whilst noting the withdrawal and revised timescales of CMP322 which gives this modification slightly more time.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	Yes	

EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	Yes	
GridBeyond Limited	Non-confidential	<p>Yes – taking into consideration the Authority’s decision to postpone the implementation of CMP322 until April 2022.</p> <p>GridBeyond is not supportive of the general proposal to allocate a consumer to a residual charging band and have them remain in the same band for the duration of the Transmission Price Control period. We do not believe that consumers should be maintained within a charging band for five years without an opportunity to be rewarded for a change in behaviour.</p>	
Haven Power	Non-confidential	Yes. We support the general objectives of the TCR decision and the principles that support these CPs.	
Inenco Group Ltd	Non-confidential	Yes	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	<p>NGESO is supportive of the framework changes being undertaken to deliver Ofgem’s Targeted Charging Review. NGESO would like to draw the DCUSA workgroup’s attention to the direction made by Ofgem on 31st March 2020 (<a href="https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-new-cusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1">https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-new-cusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1</a>) to approve the withdrawal of CUSC Modification Proposal (CMP) 332 and to direct the ESO to raise a new CMP with an implementation date of 1st April 2022. CMP332 was one of a suite of modifications raised to implement Ofgem’s TCR decision on Demand residual charging. The consultation document for DCP358/360 was published prior to the publication of Ofgem’s revised direction of the 31st March 2020 and therefore does not include this new information.</p> <p>Ofgem’s direction as of 31st March 2020, means that these Change Proposals do not need to follow a timeline to support an April 2021 implementation date for changes to Transmission Demand Residual charging as is stated in 3.3. and 4.5 of the consultation document. Regardless of this point clarity on residual charging methodology is useful for network companies to support system and process changes and more importantly, useful for industry parties in taking commercial decisions so we are supportive of the timelines given.</p> <p>Further information on NGESO’s view on the principles behind these CPs can be found in our consultation response to Ofgem of 25th September 2019. <a href="https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment">https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impact-assessment</a></p>	

Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes.	
Npower	Non-confidential	<p>We have been very clear in the past that we are not supportive of the principles behind Ofgem's decision to recover Residual Charges via bandings.</p> <p>We also wish to highlight through this response that there is now a major issue with the timing of these TCR changes which that could not have been anticipated at the time of the Ofgem decision nor during the working group. Covid-19 is causing large unprecedented changes to customer's consumption / pattern of use. This issue becomes even more paramount as business customers consider their requirements in a post Covid-19 environment. We believe that a period of grace should now be provided to allow organisations to review their estate and their operations and, where necessary, relinquish any no longer needed MIC capacity. The accuracy of the band setting process, and the allocation to banding groups, could now be seriously flawed in this new post-Covid19 environment since a customer's demand or required capacity could change widely from the snapshot data taken to allocate the bands or when allocating the customer. We would urge the working group to consider these new developments.</p> <p>While we do not agree with the principles behind the Ofgem decision, we do accept that these CPs meet the objective and principles of the November 2019 Ofgem decision i.e. determining the banding boundaries and allocation of customers to these bands as well as determining a process for disputes and interventions.</p>	
Opus Energy Ltd	Non-confidential	Yes. We are supportive of the principles that support these CPs, in order to deliver the requirements as set out in Ofgem's TCR Direction.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes	
ScottishPower Energy Retail Ltd	Non-confidential	<p>Yes, however we would recommend provision is made for changes in consumption patterns in the run up to, during and after the COVID 19 lockdown. There is a risk a large number of customers could be impacted by incorrect boundaries.</p> <p>As mentioned in our response to DCP 359 – we believe communication and information provided to customers is key. This needs to be done in a coordinated way, with information published from a centralised source, to help both DNO and supplier interactions with the customer.</p>	
SP Distribution / SP Manweb	Non-confidential	SPEN are supportive of the principles that support these CPs.	

SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd is supportive of the principles that support these CPs as these CPs are required in order to meet specific requirements set out in Ofgem's TCR decision.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes, It is an enabler to implement the TCR decision	

Company	Confidential/ Anonymous	3. Are you aware of any other data sources DNOs should use for the purpose of setting band boundaries?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE is not aware of other data sources.	
British Gas	Non-confidential	No	
Citizens Advice	Non-confidential	No.	
E.on	Non-confidential	No	
EDF Energy	Non-confidential	No but we are concerned that the data proposed to be used in August 2020 to set the bands will be reduced due to Covid_19 and will severely distort the data when compared to other years.	
Electricity North West	Non-confidential	We are not aware of any other data sources other than those identified by the working group.	
Good Energy	Non-confidential	No	
GridBeyond Limited	Non-confidential	No.	
Haven Power	Non-confidential	No.	
Inenco Group Ltd	Non-confidential	kVA maximum demand data in respect of supplies exceeding MIC	

Leep Electric Networks Ltd	Non-confidential	None.	
National Grid Electricity System Operator	Non-confidential	Not at this moment.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	The TCR Decision impact assessment was in part based on data provided by BEIS (for small non-domestic customers for whom distributors currently do not receive disaggregated data). We do not know the original source, nor do we expect to be able to use it.	
Npower	Non-confidential	We are not aware of any other data sources that DNOs should use for the purpose of setting boundaries. We agree that MIC should be used for sites that are currently billed during MIC and that EAC data is taken from the P0222 report that DNOs receive. We understand that DNOs are also separately seeking consumption data for Measurement Class G customers.	
Opus Energy Ltd	Non-confidential	No.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	No	
ScottishPower Energy Retail Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No we are not aware of any other data sources that DNOs should use for the purposes of setting band boundaries.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd is not aware of any other data sources DNOs should use for the purpose of setting band boundaries at this time.	
The Electricity Network Company	Non-confidential	No, we believe that the correct data is being used by distributors for the purpose of setting bands.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	No, only the sources already utilised by the working group to date.	
UK Power Reserve Ltd.	Non-confidential	No.	
WPD	Non-confidential	No	

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Company	Confidential/ Anonymous	4. Where data is not available for a particular site, should the site be excluded for band setting or should estimated data be used, e.g. a default EAC be included to determine the band boundaries?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE agrees with the WG discussions regarding distortion. This decision should be made on the basis of how significantly either option would impact the final charges. If both have a similar impact, then the ADE has some preference towards using a default EAC as an approach likely to be slightly more accurate.	
British Gas	Non-confidential	We do not have a preference provided the number of missing sites is immaterial and there is no reason to believe that they are not representative of the segment as a whole. If either of these do not hold, we don't think the data set is robust enough to set bands.	
Citizens Advice	Non-confidential	We are unable to answer this question as it's difficult to assess the outcome of either option. An impact assessment should be completed to determine which option creates the smallest distortion.	
E.on	Non-confidential	We believe that all sites should be included for band setting as a core TCR principle is to ensure that everyone pays their fair share of the costs for running the electricity system.  Therefore we believe the only option available is to base the allocations on a default EAC , however where this has been enacted the appeals process should allow for a re-allocation of banding.	
EDF Energy	Non-confidential	We believe estimated data should be used.	
Electricity North West	Non-confidential	If data is not available for a site, it should be excluded from band setting as any estimated/ default values could distort the analysis.	
Good Energy	Non-confidential	When undertaking such fundamental changes to industry processes, there should arise no situation where any data required to implement said changes is not available. Quality assurance should take precedent over arbitrary implementation timescales, and so completion dates should be pushed back where that may result in better/more complete data becoming available.  However, if missing HH data is completely unavoidable, sites should be assigned to bands according to the default EAC process outlined in the consultation document.	
GridBeyond Limited	Non-confidential	A site should not be excluded from banding if no data is available, but where an EAC is used we believe that a consumer should be re-assessed for banding within the Price Control period whenever 24 months' data does become available.	

		<p>As per the consultation document, we suggest that for the set of existing consumers for whom 24 months of data exists but is not yet available to the Banding Authority the use of EAC data should only apply at most for the duration of this first Price Control period after Banding is introduced. After the first banding Price Control period we would expect adequate data flows to be in place to assess customers directly.</p> <p>However, we believe that the use of an EAC value remains applicable for new consumers who have not yet built up 24 months of data. Such consumers should be re-banded when they can present a full 24 months of data for assessment as they may be able to evidence a lower consumption pattern than the estimated average performance for their general category.</p> <p>GridBeyond recommends that consumers are allocated to bands based on 12 months of data rather than 24 months, as this period would more accurately reflect the behaviour of consumption patterns for customers.</p>	
Haven Power	Non-confidential	<p>We believe that wherever possible, site data should always be estimated using the most appropriate approach rather than the site being excluded when determining band boundaries. We note the Working Group's comments that these sites are likely to be large and that further work is needed to assess outcomes via either approach.</p>	
Inenco Group Ltd	Non-confidential	<p>We believe estimated data should be used but only until such time as 12 months data is available. After 12 months data becomes available the supply should be reassessed and the correct banding applied henceforth and backdated to the start of the period in which estimated data has been used. This could be included in the disputes process.</p>	
Leep Electric Networks Ltd	Non-confidential	<p>Given the view of the Working Group, that the sites in this group would likely be the constrained to a similar type (high bands of no MIC), it seems necessary to use estimated data, or the <i>no MIC</i> tariffs would be distorted.</p>	
National Grid Electricity System Operator	Non-confidential	<p>Based on the consultation document this question pertains both to the abstract application of band setting for a site without the required data and specifically to the inclusion of Measurement Class G customers for whom consumption data has proved difficult to access.</p> <p>Individual Sites without the Correct Data</p> <p>Firstly, on the abstract application: The site should be excluded from band setting where data is not available. An estimated consumption profile for a site where actual data is absent whilst a best estimate, is just that, an estimate. There is a risk that in including a site whose characteristics are assumed, band boundaries will be calculated that are incorrect and remain so for the duration of the price control. If the site is excluded, then there is no risk of assumptions of site characteristics</p>	



		<p>influencing the band boundaries and the exercise in band setting will be based purely on fact. Additionally, the band setting exercise will be more transparent if only considering sites with actual settled data.</p> <p>Under the TCR Direction to NGESO, as owners of the Connection and Use of System Code (CUSC), clause 10 states that a single Residual Charging Band is recommended for directly connected Final Demand Sites. Dispensation is given to the workgroup for the relevant CUSC modification (formerly CMP332) to explore other options for band setting at Transmission. It is likely that alternatives will be raised which contain more than one Residual Charging Band for directly connected Final Demand Sites.</p> <p>There are a small number of Transmission connected Final Demand Sites. They have materially different patterns of energy consumption. If NGESO are required to set Residual Charging Bands for Transmission connected sites, and were to include a site where consumption data is not available, assuming consumption behaviour to that site accordingly, these assumptions become very important. This is especially true as we have no concept of Estimated Annual Consumption (EAC) for Transmission connected Final Demand Sites. The consumption behaviour of the new site is not known until actual metered data is collected and constructing an estimated profile based on other “similar” sites might result in the comparison of apples with pears.</p> <p>Consequently, if a banded approach is determined by The Authority to be the best solution for Transmission connected Final Demand Sites NGESO would propose not to include sites where data is not available in the band setting.</p> <p>To preserve consistency between transmission and distribution methodologies where possible, it is logical to follow this approach also for Distribution connected sites and to exclude the site for the purposes of band setting.</p> <p>A site that is not included for the purposes of band setting will still be allocated to a band (just like any new site connecting during a price control) and therefore its absence from band setting does not preclude its payment of residual charges.</p> <p>Measurement Class G Sites</p> <p>Secondly, on the specific concern of Measurement Class G users: NGESO believe it is more appropriate in this instance to include them in the initial band setting as there is a large volume of “known unknowns”. The approach given in the consultation document to divide the total volume from these sites as an aggregate by the number of sites is reasonable.</p> <p>Were the Data Transfer Service to provide actual data for the ~85% of MPANs, as estimated in the consultation document, then this data should be compared with the mean average Measurement Class G site using the method above. If the data appears to be reasonably symmetrically distributed, then</p>	
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		<p>the average site can be safely assumed (for the purposes of the initial band setting) for the remaining MPANs without the required consumption data. If the data shows a skewed or clustered distribution then it is impossible to know where the missing sites lie in the distribution so they should be excluded from the initial band setting.</p> <p>The decision on including or excluding sites should be transparent and consistent across all DNO areas. The definition of “reasonably symmetrical” could be agreed by all DNOs.</p> <p>This data issue should be improved for the band setting at the following price control when there will be sufficient lead times to make system and process changes.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>We believe that setting band boundaries can be based on incomplete data; to a certain extent (i.e. using a representative sample). We do not believe that it is necessary to supplement the Estimated Annual Consumption (EAC) data, extracted from the P0222 reports, with additional data such as assuming missing MPANs represent a typical customer e.g. based on average annual consumption.</p> <p>The P0222 report by default includes Default EAC information, and unless this data was to represent a significant proportion of the information received, we do not think that it should be used. Based on the February 2020 P0222 report, and for NPg licensees only, Default EACs account for around 2% of the data; therefore we do not consider this to be material to be excluded from band setting. However, we note that we may need to rely on this data to allocate a site if an appropriate EAC cannot be identified.</p> <p>Further analysis is required to understand the ‘gap’ in the data for Measurement Class G customers<sup>1</sup>. It is possible that this gap relates primarily to certain DNOs; in which case it is a bigger concern than a gap across all DNOs, on the basis that the data will also be used to allocate Final Demand Sites to a charging band. We note that we expect to receive a first cut of this data around May 2020.</p>	
Npower	Non-confidential	<p>A default EAC should be used if EAC data is not available (non-half hourly metered customers). DNOs should not be attempting to estimate non half hourly EACs themselves from D0010 meter reading data (as discussed in the working group, this is a complex process requiring other data such as D0149/D0150 flows).</p> <p>We believe it is important that DNOs also carry out some data validation before using data e.g. excluding EACs which are clearly erroneously high (e.g. meter / fuses / cabling could not physically cope with such high levels of consumption going through it).</p>	
Opus Energy Ltd	Non-confidential	<p>Rather than exclude a site for band setting, we believe that estimated data should be used, using the most appropriate approach. Within the Working Group’s comments it states that these sites are likely</p>	

<sup>1</sup> Half Hourly Metering Equipment at below 100kW Premises with whole current and not at Domestic Premises.

		to be the largest consuming sites without a MIC and that further analysis is required in order to assess outcomes via either approach.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	If data are missing our preference would be to omit the data , which is equivalent to filling the gap with an average value. Where there is significant gap an alternative approach may be required.	
ScottishPower Energy Retail Ltd	Non-confidential	All reasonable steps should be taken to find alternative sources of data. It also needs to be clear what exclusions mean not just for the DNO but the customer as well as it could impact their ability to get quotes in the future.	
SP Distribution / SP Manweb	Non-confidential	Where data is not available for a particular site, our preference would be for estimated data to be included to determine band boundaries.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd believes that where data is not available for a particular site then it should be excluded for the purpose of band setting at this time.	
The Electricity Network Company	Non-confidential	We believe that the most appropriate approach for band setting is to use an estimate of these sites. Given that these sites are likely to be at the higher end of consumption removing them, we believe, would have a greater distortion than utilising an estimate. We do not think that a default EAC, as provided by Elexon, would be the most appropriate but the method described in the consultation document of taking a simple average of all other sites which are HH settled and included in the banding as this could be a reasonable proxy for those sites consumption. However, this is a theoretical approach and there may be value, if possible, of seeing the outputs of both approaches if possible.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Although we can appreciate that both approaches could distort the overall data set, we believe that using defaults would have a more detrimental effect. Where data is not available we believe those sites should be excluded when setting the band boundaries, whilst at the same time the wider industry (DNOs, Suppliers and their DAs) need to work together to determine what data is available and what data needs to be provided to develop a more complete solution as well as a method for the capture of newly connected sites.	
UK Power Reserve Ltd.	Non-confidential	We agree with the WG considerations around the need to assess the potential distortions on charges where data is not available.  In order to avoid potential gaming around availability of data for a given site, we would support the utilisation of a default EAC.	

WPD	Non-confidential	This depends on the amount and spread of data that is missing.	

Company	Confidential/ Anonymous	5. Do you agree that charging bands should be set on a GB wide basis and there is not sufficient justification to support introduction of regional banding?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE is concerned that the variance at EHV in particular is very significant in some DNO regions and that this could translate into very significant charges for a site in one region compared to another.  Although we note the WG's statement that this will be addressed through CMP361, this modification is only at definition stage and it is not clear yet what solution will be proposed.  The ADE would support further discussion by the WG of regional banding options to reduce such discrepancies.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes. Regional banding could lead to a postcode lottery of charges which consumers will not be able to avoid or mitigate. There also may be additional complexity in setting regional charging bands which may add additional unnecessary costs to the process.	
E.on	Non-confidential	We agree that bandings should be set on a national basis. We believe that charging bands should be consistent across all distribution areas as this ensures consistency for distribution connected customers.	
EDF Energy	Non-confidential	A GB wide banding seems reasonable and consistent for suppliers but there are some areas particularly for EHV tariffs that may need more definition. A solution would be to increase the number of bands for that segment.	
Electricity North West	Non-confidential	We support the use of GB banding for setting distribution residual tariffs as the analysis undertaken by the working group does not justify regional banding, particularly as such an approach could not be delivered in the required timescales.	
Good Energy	Non-confidential	Simplicity would dictate that a GB wide banding is most appropriate. That said, it is possible that more investigation is required, given that there is significant variance in some DNO regions.	
GridBeyond Limited	Non-confidential	Regional Banding should be applied where there are clear cases of unequal treatment between consumers – in particular, in areas with low numbers of EHV customers located within a given DNO region.  We agree with the principles of the TCR – that all consumers should pay fairly for the network access that they require to be in place to supply them – however the setting of GB-wide bands without	

		<p>consideration for the regional make-up of consumers, particularly of EHV consumers in any given area, risks unnecessarily penalising some consumers.</p> <p>Thought should be given to setting regional-specific bands to account for the distribution of HV &amp; EHV consumers across the country.</p>	
Haven Power	Non-confidential	For simplicity we believe it makes sense for charging bands to be set on a GB wide basis. The analysis in Table 2 supports this approach.	
Inenco Group Ltd	Non-confidential	<p>The use of National bandings would appear at first sight appropriate for Consumption based supplies. However, one point we believe should be considered is the number of large profile 03 &amp; 04 consumers (400,000 kWh Per Annum plus) which may never have been designed to carry such loads.</p> <p>Historically the old Regional Electricity Companies had consumption limits applied to supplies and regulations at the time required them to be upgraded to what eventually became profile 05 – 08 supplies.</p> <p>This no longer appears to be the case and we believe there are a significant number of such supplies currently connected to networks. We believe the decision to charge some customers on the basis of consumption and others against MIC will provide a disincentive for customers to change the metering and become half hourly metered.</p> <p>The size of the differential between the highest indicative consumption based charge (Per NPG example) and a Band 2 MIC based LV charge is expected to be in the order of £1,000 - £1,500 per annum for Distribution and a similar amount for Transmission. This additional cost will not encourage customers to upgrade these supplies.</p> <p>If this approach is adopted consideration should be given to ensuring such very large supplies are safe.</p> <p>Where customers are to be charged upon the basis of their MIC, there are significant variances between regions. It is interesting to note that the area with the biggest variances is LPN, an area where network capacity is in particularly short supply.</p> <p>In this case the variation is likely to be influenced by a number of factors including the propensity of some customers to hold onto or hoard capacity in the area because of expensive network reinforcement costs.</p> <p>Whether this continues, will depend upon the outcome to question 10 as basing the MIC upon a two-year average figure will not encourage customers to relinquish capacity. Also, the outcome of the SCR, (which may affect the decision to hold onto capacity), will not be known until well after the banding is completed (under current timescales) but charges will be fixed for 5 years, thus removing a major</p>	

		incentive to reduce MIC which would potentially lead to a more equal distribution of the percentiles across regions.	
Leep Electric Networks Ltd	Non-confidential	Yes. There may be DNOs with relatively few users within larger bands and setting on region-by-region basis may cause disproportionate charges falling on sites in underrepresented tariffs in that region.	
National Grid Electricity System Operator	Non-confidential	We are supportive of the proposal to use GB wide Residual Charging Band boundaries and to manage the perceived problem of “too few sites in a band” through tariff setting. We believe this meets the terms of Ofgem’s direction.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes. This is consistent with stakeholder feedback we have received as part of the Energy Network Association (ENA) workshops. That is not to say that there may not be sufficient justification to support the introduction of regional banding, but the proposal to resolve regional differences via the calculation of use of system charges is a pragmatic and proportionate approach.	
Npower	Non-confidential	Everything should be set on a GB wide basis, there should be no exception. Regional variations would introduce too much complexity and a need for many more LLFCs.	
Opus Energy Ltd	Non-confidential	<p>Yes. The TCR Direction states that the charging bands for distribution-connected consumers will be set on a GB-wide basis unless regional differences in consumer types lead to substantially different distributions of consumers in a DNO region and result in very low numbers of consumers in certain bands.</p> <p>Table 2 indicates that any regional differences for LV-connected customers are not material and that, although there are some greater differences at HV and EHV, the Working Group was not aware of a solution that could accommodate the use of regional bandings. Therefore, for simplicity given challenging timescales, and in line with the TCR Direction, we agree that charging bands should be set on a GB-wide basis.</p>	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – considering Regional Distribution Banding and GB wide Transmission Banding seems to be contrary to the Ofgem Decision. We recognise that the data available for this consultation is indicative and that there are some gaps that might be addressed as the quality/quantity of data improves for the live environment. GB wide keeps it straightforward and easier for Stakeholders.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	We agree that charging bands should be set on a GB wide basis and that is not sufficient justification to support introduction of regional banding.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees that the charging bands should be set out on a GB wide basis. We have not seen any justification that would support the introduction of regional banding at this time.	

The Electricity Network Company	Non-confidential	The charging bands should be set on a GB wide basis. We do not believe that the additional complexity of implementing regional banding can be justified.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	We strongly support the GB wide approach and do not believe there is any justification for a regional approach.	
UK Power Reserve Ltd.	Non-confidential	While the WG acknowledges that another DCUSA mod DCP361 will support the calculation of UoS charges based on combined banding when there are very low numbers of sites in charging bands at HV and EHV level, we would like to see a clear system in place to ensure a consistent distribution of sites and avoid new sites choose their location based on the bands.	
WPD	Non-confidential	Setting the bands on a GB wide basis provide consistency and more data to do the analysis.	

Company	Confidential/ Anonymous	<p><b>6. Do you agree that band boundaries should be rounded up?</b></p> <p><b>If so, what level of rounding should be applied? (e.g. rounding up to the nearest integer or applying different tolerances to different voltage?)</b></p> <p><b>If not, then please provide any supporting rationale and/or an alternative solution which you believe the Working Group should consider.</b></p>	Working Group Comments
Association for Decentralised Energy	Non-confidential	<p>The ADE considers that a stronger case needs to be made for why rounding should be applied.</p> <p>If rounding is applied, it should be done in a way to minimise additional distortions and therefore, the ADE supports the WG's proposed approach.</p>	
British Gas	Non-confidential	Yes – the mixed approach proposed by the Working Group seems sensible.	
Citizens Advice	Non-confidential	<p>The consultation doesn't fully discuss why it's necessary to round up or down in the first place. The example provided rounds up the first HV charging band to 100kVA so that a 96kVA site would be prevented from falling into the second band. But this doesn't fix the problem. There might still be sites that fall 'just' outside of whatever threshold is set.</p> <p>If band boundaries are to be rounded up, a mixed approach seems sensible.</p>	

E.on	Non-confidential	We agree with the workgroup's proposed solution to round up the band boundaries, this appears to strike the right balance for setting the banding boundaries without causing significant differences in the site allocations.	
EDF Energy	Non-confidential	It would seem sensible that whole numbers are used for the calculation although from the analysis provided the suggested rounding's seem sensible.	
Electricity North West	Non-confidential	Yes, we support rounding, to the nearest level of significance as proposed by the working group.	
Good Energy	Non-confidential	Yes, rounding up should be applied, to the nearest integer.	
GridBeyond Limited	Non-confidential	We agree that any applied rounding should be upwards. It would appear that further analysis should be applied to the available data to minimise distortions between DNOs. What would the results be if the roundings were assessed when the data from the extra 60k LV sites comes in? How will that data affect banding allocations under different roundings? Should roundings be applied in the same fashion across all regions, or should different regions have different regional-specific roundings so as to achieve the closest fit to the GB-wide bandings and to accommodate the varying make-ups of the different parts of the system? These questions should all be addressed.	
Haven Power	Non-confidential	We agree with the Working Group's conclusion that a mixed approach of rounding as per Table 6 is the most appropriate compromise for band boundaries.	
Inenco Group Ltd	Non-confidential	We do not believe it really matters providing there is a consistent approach.	
Leap Electric Networks Ltd	Non-confidential	Yes. Agree with Working Groups proposal to round differently at different voltage levels.	
National Grid Electricity System Operator	Non-confidential	<p>We agree that band boundaries should always be rounded up and not down.</p> <p>In terms of the degree of rounding there are no arguments provided in the consultation documents to support rounding to a greater extent than to the nearest integer. The impact of rounding to 100 has a marked impact on the LV MIC band boundaries; therefore, we agree, it should be avoided for this group of customers. Rounding in this instance risks muddying the intent of the TCR Decision to segment by 40th, 70th and 85th percentiles.</p> <p>Whilst we acknowledge that the impact of rounding up to the nearest 10 or 100 has a much smaller impact on the EHV and HV bands we believe a consistent approach to rounding across all bands is simpler and more straightforward.</p> <p>Consequently, we believe that all band boundaries should be rounded up to the nearest integer.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes. Whilst the evidence based on very early banding suggests that it makes very little difference rounding up to the nearest integer, or nearest level of significance of ten or 100 at some voltage levels, we believe rounding up to the nearest integer is most appropriate and cost reflective. This approach will reduce the likelihood of a distributional consequence where (e.g.) more than 40% of Final Demand	



		Sites are allocated to the first charging band. Rounding up by greater levels of significance will inevitably increase the likelihood that Final Demand Sites will be allocated to lower charging bands and therefore diverge from the percentiles prescribed by the Authority in the TCR Decision.	
Npower	Non-confidential	Yes, band boundaries should be rounded up. We would suggest that the best option is up to nearest 100 for LV no MIC and EHV. Up to the nearest 10 for LV MIC and HV.	
Opus Energy Ltd	Non-confidential	We agree with the Working Group's proposed approach of rounding differently at different voltage levels as the most appropriate compromise for band boundaries.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes, agree that rounding up should be applied, with different tolerances at each voltage level, as suggested in para 4.19 of the Consultation document.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes – no preference as long as it is open and transparent. Based on the analysis provided in the consultation document we do note that different voltage appears to be meet the TCR requirements with least impact. Whichever option is selected, it has to be clearly understood by a customer and ties in with our response to Q2	
SP Distribution / SP Manweb	Non-confidential	Yes we agree that band boundaries should be rounded up with a mixed approach as detailed in the consultation paper.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the Working Group proposal of a mixed approach of rounding differently at different voltages levels. However, it is our view that only the EHV bands should be rounded to the nearest level of significance of 100, and the LV MIC, the LV no MIC and the HV bands should all be rounded to the nearest level of significance of ten. This will give consistency of rounding to the LV and HV bands.	
The Electricity Network Company	Non-confidential	Whilst we do not have particularly strong views on this point, we do not agree that boundaries should be rounded up (beyond to the nearest integer). Whilst there may be minimal impact on the numbers of customers in each of the bands there is no real justification for rounding the bands. Ofgem's decision document states that the boundaries for the bands need to be on the 40 <sup>th</sup> , 70 <sup>th</sup> and 85 <sup>th</sup> percentile and it appears that rounding may deviate from this desire without any real justification.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes we agree with the rounding up of band boundaries, and believe that due to the increased complexity which the TCR introduces, this is an area where an approach of simply rounding up to the nearest integer would go some way on minimising the wider complexity which the TCR changes could introduce. Although if this approach was adopted then it would need to be accepted that some customers would pay a higher residual charge than they would under a different approach, but the amount of any difference would be minimal when compared with the wider charge for their connection to the network and their complete electrical charge.	

UK Power Reserve Ltd.	Non-confidential	Yes, as proposed by the WG but as long as the solution is future-proof i.e. we want to avoid a situation where new sites connecting at different voltage levels would displace existing allocations, thus resulting in unforeseen higher charges for those sites that have initially been allocated to a band and where their import capacity has not changed.	
WPD	Non-confidential	We believe the boundaries should be rounded up. I don't think it matters to much the level of rounding, however, the greater the rounding then the greater the proportion of customers in lower bands.	

Company	Confidential/ Anonymous	7. Do you agree that only MIC should be considered in setting band boundaries?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE agrees that MIC should be only considered and not exceedance.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	<p>We are largely supportive of only using the MIC to consider setting band boundaries, and fully agree that sites connected at LV (with MIC) &amp; HV are incentivised to remain within the agreed capacities through the excess capacity charging item, should they exceed agreed capacity levels.</p> <p>However, as EHV sites do not levy excess capacity charges when agreed import demand is exceeded, we believe that this may be perceived as an incentive for some sites to not agree a revised MIC.</p> <p>Whilst we recognise that this is an issue around the charging structure in place for EHV connections, and is therefore outside the scope of this modification, if such situations arise we do not believe that it this solely a matter for the relevant distributor to put a revised MIC in place. They may not get agreement to so, therefore we feel that later consideration may be needed through a future DCUSA Change Proposal.</p>	
EDF Energy	Non-confidential	As we refer to the connection agreement in DCP359 we think the same principle should apply here.	
Electricity North West	Non-confidential	Yes, we agree that only MIC should be considered.	
Good Energy	Non-confidential	Yes.	
GridBeyond Limited	Non-confidential	We agree with the WG that only the MIC level should be taken into consideration when banding a consumer	

Haven Power	Non-confidential	We agree that only MIC should be considered in setting band boundaries. Exceeded capacities are dealt with by exceeded capacity charges and therefore do not need to be an added complication to this solution.	
Inenco Group Ltd	Non-confidential	<p>This is currently the only option under consideration. Basing all the bandings on consumption levels as of a fixed date, each year would be a fairer and more dynamic way of allocating costs in real time but would require more sophisticated systems to implement it equitably. A similar process is used in respect of Gas transportation costs.</p> <p>With regard to the matter of ignoring an exceeded MIC in respect of calculating residual charges, we believe this will provide a major financial disincentive to customers to increase their MIC where that would result in a change of band. This would be encouraging a potentially dangerous situation. Although the consultation argues that excess capacity charges encourage users to increase the MIC, our experience shows that this is not usually the case.</p> <p>An analysis of recent distributor excess Capacity charges demonstrates the surcharges vary from a 13% to a 181% increase. However, this is only applied to that element of kVA demand above the MIC and only raised in the months where the breach occurs. Only a very small proportion of supplies which are currently incurring excess capacity charges are financially better off increasing their MIC levels as opposed to paying the excess.</p> <p>Excess Capacity charges are therefore currently ineffective in encouraging customers to increase their MIC levels. The introduction of the residual charges on MIC, will reinforce that position significantly and make excess capacity charges irrelevant in comparison to the higher residual charges which they would experience. For comparison, in the Republic of Ireland excess MIC charges are 5 times the normal capacity rate.</p> <p>Ignoring excess MIC charges will mean customers in breach of their MIC will benefit at the expense of customers who conform to the National Terms of Connection. It therefore rewards noncompliance.</p> <p>Also, there is no guarantee MIC will continue to be included in the DUoS charges after the introduction of the SCR which further negates this part of the argument.</p> <p>We would also disagree that DNO's actively ensure customers increase their MIC where they are in breach. Historically DNO's only had the power to de-energise supplies to customers, who would not increase their MIC but were reluctant to take such action except in cases where they had identified a specific issue.</p> <p>Several years ago, therefore, the National Terms of connection were changed to allow DNO's to install load limiting equipment where maximum demands exceeded the MIC and no action is taken by the</p>	

		<p>customer. It would be interesting to see figures on the number of cases where DNOs have insisted customers in breach of the national terms of connection (in this respect) took such action. We believe that such actions are extremely rare and therefore are not seen as a deterrent by most customers.</p> <p>We do not consider that ignoring exceeded MIC is safe or fair on fully compliant customers nor do we believe it supports the development of smart networks.</p> <p>We would suggest consideration to using the highest kVA recorded maximum demand in the last 12 or even 24 months to be more appropriate. However, care would be required to ensure that such values are not based upon spurious HH data.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	<p>We agree that MIC should be the only measure used for band setting in the HV, EHV and LV (where data is available).</p> <p>We assume that this question does not mean to suggest that EAC or an alternative consumption measure is unacceptable for sites where a MIC is not available.</p> <p>The consultation document refers to this question in relation to sites which frequently exceed their MIC. We agree that this should be managed by the relevant distributor to ensure a consistent approach to band setting and data collection across the different DNO companies.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes. We believe ignoring excess capacity is in line with the Authority's intention.	
Npower	Non-confidential	Exceeded capacity should not be considered when setting the bands – it should be only MIC that is used (in accordance with the TCR decision using Agreed Supply Capacity).	
Opus Energy Ltd	Non-confidential	<p>Yes. We agree with the Authority's intent to consider MIC only, because it refers to the level of capacity agreed between a customer and the distributor and the TCR Direction explicitly references "agreed capacity".</p> <p>This is a simpler solution, for which we agree with the Working Group position that sites are encouraged to remain within agreed levels in order to avoid excess capacity charges.</p>	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes, the MIC is contractually agreed, the use of excess capacity (kVA) is considered an unusual/ad hoc event, and the higher Excess Capacity (p/kVA/day) charge reflects this.	

ScottishPower Energy Retail Ltd	Non-confidential	Yes, given the impacts this could have we believe the MIC process should be reviewed in the intervening time to make sure it is fit for purpose. Not all DNOs follow the process documented in DCUSA now. As a supplier we are keen to move away from the email process to flows or another more secure method of transferring the data.	
SP Distribution / SP Manweb	Non-confidential	Yes we agree that only MIC should be considered in setting band boundaries.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees that only the MIC should be considered in setting band boundaries at this time.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes, we think it would be inappropriate to use the exceeded capacity value for the purposes of setting band boundaries.	
UK Power Reserve Ltd.	Non-confidential	Yes, we agree with the WG conclusion that only the MIC of a site should be considered when banding (and allocating) a site, as opposed to any exceedance. This is in line with Ofgem's position on the matter.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	8. Do you support the Working Group proposals with regard to a Banding Agent?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes. We do have a question on legal certainty of the role that NGESO will carry out. NGESO is not obliged to fulfil the Banding Agent role if they are not explicitly named, and this is currently not an ESO licence condition. What is in place to ensure NGESO will carry out this role?	
E.on	Non-confidential	We are supportive of the workgroup's proposals to use a single banding agent for determining the charging bands.	

EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes, we support the proposals.	
Good Energy	Non-confidential	Yes, seems like a sensible approach, but there should be a full tender process for assigning the banding agent.	
GridBeyond Limited	Non-confidential	We agree with the WG's proposal, noting also the impacts of CMP 332.	
Haven Power	Non-confidential	Yes. It makes sense for NGESO to be responsible for appointing the banding agent and note that they will probably be that agent. We also note that much of the work has already been undertaken to support this during development of this modification.	
Inenco Group Ltd	Non-confidential	Our main concerns with regard to the allocation of the banding agent relate to the timescales rather than the organisation concerned. This matter is covered more completely in our answer to question 10. However, we do not believe the bandings should be finalised in Q3 2020 or that the banding boundaries should be decided by October 2020.	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	<p>We are supportive of the legal text for DCP358 referring to a "Banding Agent" and of the bands being set centrally.</p> <p>We are aware that there is not a detailed process for nomination of the "Banding Agent" to ensure the timescales for band setting are met. The withdrawal of CMP332 was not known before the publication of this consultation document. We would, therefore, recommend that the workgroup considers the preferred timescales for nominating the Banding Agent (as the appointment is to be made by NGESO according to the consultation document, 4.29) and notifying relevant parties when it reconvenes, in light of this new information.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes. However, we note the intention to withdraw the consistent (with DCP358 only) modification to the Connection and Use of System Code (CUSC) <sup>23</sup> ; and where that modification proposed to set out the appointment of the Banding Agent. We therefore believe it would be prudent to set out the requirement to appoint a Banding Agent in the DCUSA as opposed to the CUSC.	

<sup>2</sup> CUSC modification proposal (CMP) 332 'Transmission Demand Residual bandings and allocation (TCR)'

<sup>3</sup> In line with the revised TCR Direction from the Authority to National Grid Electricity System Operator (NGESO): <https://www.ofgem.gov.uk/ofgem-publications/162362>

		<p>On the assumption that a new proposer does not take forward CMP332, we believe that given the delays in establishing a new modification, failure to set out this requirement in the DCP358 legal text will result in an unnecessary implementation risk.</p> <p>Further, given NGESO may be the Banding Agent, it is arguably more appropriate that it is appointed by distributors.</p>	
Npower	Non-confidential	Yes, we support the proposal for a Banding Agent	
Opus Energy Ltd	Non-confidential	Yes. We support the general view of the Working Group that NGESO is well-placed to fulfil the role of Banding Agent.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – in the same way that the NCA is used in LDNO Discount calculations. Noting that there do not appear to be data privacy concerns and that the Banding Agent could be an existing Party.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes we support the Working Group proposals with regard to a Banding Agent.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the Working Group proposals with regard to a Banding Agent.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes, although it is vital that the data required along with the dates this data is to be submitted would need to be determined and stated in the legal text. Although we agree that exactly who this agent is excluded from the legal text, we believe it should be the CUSC secretariat who is responsible for appointing the banding agent.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	9. Do you support the Working Group proposals with regard to the review of charging bands and the proposed timescales?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
British Gas	Non-confidential	Yes, however we request that the DNOs and ESO should work collaboratively to signal indicative revised band boundaries that will apply well ahead of the 31 October 2025 deadline for RIIO-T2.	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	We agree with the workgroup's proposals to review charging bands within the timescales.	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes, we support the proposals and timescales.	
Good Energy	Non-confidential	Yes.	
GridBeyond Limited	Non-confidential	<p>We support the WG's view.</p> <p>Given how the bandings set by these proposals will affect the way all consumers pay both transmission and distribution charges is there a case to be made for the aligning of the T &amp; D price control periods. It seems that consumers will be re-banded for distribution charges before those charges are finalised.</p>	
Haven Power	Non-confidential	Yes	
Inenco Group Ltd	Non-confidential	<p>No, we do not support the proposals in the consultation document as we consider the timescales for setting the initial bandings to be too short as explained in our answer to question 10.</p> <p>Subsequent reviews are acceptable providing there are sufficient opportunities for appeals where circumstances change. We do not believe the current proposals in this respect are enough to avoid disadvantaging some customers.</p> <p>However, as a general principle we would argue re-banding should occur annually to reflect the changing needs of business especially in these uncertain times. Only through such a dynamic approach can charges reflect the demands placed upon the network by customers. Fixing the bands for 5 years means some customers will be paying disproportionately more for their use of the networks for many years whilst others will pay less than their fair share.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes. Working Group's proposals seem reasonable given the timescale required by the Authority. However, the timescale imposed by the Authority does seem unnecessarily brief, given likely coming	



		revisions for Access SCR and ED2, the changes for TCR will only affect the status quo for a single year before charging changes again.	
National Grid Electricity System Operator	Non-confidential	Yes. The proposals meet the terms of the Direction.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes.	
Npower	Non-confidential	<p>We do not support the proposed timescales for future reviews since it does not allow enough time for DNOs to allocate customers to bands and to publish the new LLFC allocation to suppliers prior to DNO tariff setting. Suppliers require early notification for pricing purposes of the banding (preferably prior to the October Pricing Round). They also need to be provided with the allocation of mpan to bands. We would suggest that by the workgroup suggested timescales for RIIO-ET3 and beyond are brought forward by 6 months. i.e.</p> <p>31st March – DNOs submit data to the banding agent (not 30th Sept as proposed)</p> <p>30th April – Banding agent provides the banding boundaries (not 31st October as proposed).</p> <p>There also needs to be an additional process – by 30th June – DNOs supply full list of mpan / LLFC allocations (or those who have changed bands) to suppliers since this is required for supplier pricing purposes and can be used in the October pricing round. (There is already an interim proposal intended in 2020 for the 2022 TCR implementation – this needs to be an ongoing process).</p>	
Opus Energy Ltd	Non-confidential	Yes.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – reviewing/setting the Charging Bands for each Transmission Price Control seems reasonable, with a change required within the associated Distribution Price Control	
ScottishPower Energy Retail Ltd	Non-confidential	We can understand the logic for the proposed timescales. However, given these unprecedented times we are not convinced it should be left so long, at least for the 1 <sup>st</sup> review.	
SP Distribution / SP Manweb	Non-confidential	Yes we support the Working Group proposals with regard to the review of charging bands and the proposed timescales.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees in principle with the Working Group proposals with regard to the review of charging bands and the proposed timescales. However, there is a need to add notice periods that are preferably longer than the 15-18 months currently proposed as there is likely to be difficulty in	

		<p>implementation for suppliers and their customers with regards to tariffs and budgeting in this relatively short time period.</p> <p>Notwithstanding the above, due to the COVID-19 outbreak, the impacts of which will not be fully known for some time, it would be prudent to set the charging bands for the first year (from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023) for one year only (rather than a price control period) and to re-set the charging bands for the subsequent four years of the price control period (from 1<sup>st</sup> April 2023 onwards) in line with the Working Group proposals.</p> <p>This would allow (i) the demand suppression; that NGE SO has publicly informed stakeholders is currently running at circa 12-13% overall (with industrial and commercial demand down to a significantly greater extent than this, whilst domestic demand is up slightly, by a low single digit%); and (ii) the reduced level of economic activity (and thus lower than normal industrial and commercial demand) after the COVID-19 situation subsides; to be taken into account in terms of, for example, the revised (downwards) EACs for a short period, before returning to the longer terms solution after a suitable period.</p>	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes the proposal to align to the transmission price control period seems to be appropriate, revising this data on a more frequent basis (for example annually) would likely not see significant change and would be a time consuming exercise.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	10. Do you agree with allocating a site based on a maximum of 24 months historical data, or do you support an alternative approach?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE agrees,	
British Gas	Non-confidential	Yes, it is important that arrangements define a consistent approach and 24 months, where available, seems reasonable.	

Citizens Advice	Non-confidential	Yes, we agree that allocating a site based on a maximum of 24 months historical data is the right approach. This should provide the most accurate snapshot of network usage.	
E.on	Non-confidential	<p>We believe 24 months of historical data should be used to allocate customers into charging bandings wherever the data is available.</p> <p>We note that the direction sets out that a process must be established for new customers and customers lacking the appropriate data to allocate customers into bandings. Therefore 12 months of data for all banding allocations should not be taken forward as it does not comply with the direction. However, we do feel there may be some merit in using 12 months data within establishing a site's banding allocation where 24 months data is not available.</p>	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	We support the approach of using a maximum of 24 months data as to use any more could introduce distortions.	
Good Energy	Non-confidential	Yes. Extending beyond 24 months would create further distortions	
GridBeyond Limited	Non-confidential	<p>We agree with the WG's proposal to use a maximum of 24 months of consumption data to average over for the purposes of assigning a customer to a band.</p> <p>However, we ask that the WG clarify exactly how this averaging will be done. Will a consumer's data be averaged over every Half Hour data point in the 24 month period, or only the day-time half hours, or only over the daily peaks? It is important that consumers know what to expect from this process.</p>	
Haven Power	Non-confidential	<p>We agree with the Working Group's conclusion that the maximum period to be averaged for the purpose of allocating a site to a band should be 24 months.</p> <p>Averaging over a period greater than 24 months where data is available could create distortions relative to the historical data available and limiting the period to 24 months ensures a consistent approach can be adopted. This consistent approach will prevent a customer from raising a dispute based on cherry picking the length of historical data beyond 24 months.</p>	
Inenco Group Ltd	Non-confidential	<p>No. Whilst we understand the desire to stop customers unfairly avoiding their share of residual charges, we do not believe the approach to using up to 24 months MIC data (or more) and fixing charging bands for 5 years is fair, cost reflective or takes into account the changing economic environment. Nor do we believe it encourages the development of a Smart Network.</p> <p>The current drivers for selection of MIC tend to include current and future loading requirements, ongoing cost, anticipated reinforcement costs and supporting property values (Landlords often retain more capacity than is needed). Capacity has been relatively cheap up to now when considering the</p>	

		<p>alternatives and there is often a tendency to retain spare capacity rather than relinquish it. This is a function of the market and although the DNOs would undoubtedly prefer customers did not retain more capacity than they need, the laws of supply and demand apply. Any approach involving dramatically increasing the costs associated with the MIC without giving consumers the opportunity to review their MIC levels is clearly not fair. The goal posts have effectively been moved.</p> <p>Many users are not in control of their MIC charges because their leases (which may be long term and entered into several years ago) include clauses requiring them to maintain the MIC at a fixed level. They may therefore experience a higher proportion of the residual charge than other customers who are not bound by such agreements.</p> <p>Such customers, which are likely to include a large proportion of the high street retail sector, parts of which are already under huge pressure from the effect of the current emergency and high rents. These customers may not be charged a fair proportion of the residual charge. We consider provisions should be included in the appeals process or some other measures introduced to protect such customers.</p> <p>Also, in the current economic climate, there are massive changes in electricity usage throughout the country as customers reduce and ramp up usage as a result of the impact of Covid-19. No one knows where our nations industry and commerce will be, when things return to normal. Some customers will probably not return to previous levels of production whilst others who have perhaps had to increase their capacity to ramp up production temporarily may want to reduce them as things return to normal. Non-MIC banded customers may have the basis of their banding assessment effected far more than MIC based customers as the increases and decreases in consumption experienced due to the current situation will directly affect the two-year average figures.</p> <p>With such uncertainty we do not believe it is reasonable for decisions on future charges to be based upon the average MIC over a period of two years which experienced steady economic growth. Consumption banding should be based on consumption levels after things have returned to normal. Currently, the need for bandings to be set early is mainly because of the requirements of the LC14 charging statements for 22/23 being set by 31<sup>st</sup> December 2020. There are two ways to mitigate this effect.</p> <p>The first is a derogation to delay publication of the LC14s until perhaps December 2021. The bandings could then be set next summer (2021). This would also require a separate derogation to allow customers and DNO's to base new MIC levels upon the demands experienced perhaps on the previous 6 months usage (subject to considerations of seasonality) rather than 12 months as is currently the case (where customers have experienced significant fluctuation due the current emergency).</p>	
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		<p>The alternative would be to delay implementation of the introduction of fixed charge residuals for distribution until April 2023 in line with the SCR proposals. This would again allow the residual charge to be based upon the MIC in place as late as December 2021 by which time we would hope things had settled down economically. Also, customers will have a much better understanding of how connection and upgrade costs will be affected by the SCR and thus have the full picture when it comes to selecting their MIC.</p> <p>We would also like to comment on the oft mentioned term “Gaming” which appears both in the Ofgem decision document and the consultation.</p> <p>The main reference in the decision document to gaming relates to the manipulation of triad charges in transmission. However, we believe it should be remembered that customers were historically encouraged by the industry to try to limit their demands at times of peak network load to support the network. Indeed, a quick review of websites this morning confirmed some suppliers are still advising customers to manage their Triads. If this is indeed gaming, it has been and still is being encouraged by the industry.</p> <p>We believe that the speculation that “gaming” is widespread, and an industry problem is not backed up by evidence and is leading to an over rigid framework that may unintentionally penalise some customers through higher charges, resulting from a totally new charging regime, for the next 5 years. They may eventually achieve parity with other similar customers on the proposed first review in 2026 if they reduce their MIC, but in the meantime will have paid higher charges and suffered a competitive disadvantage.</p> <p>In our opinion the best way to achieve a fair and equitable process (if it is to be based upon MIC) would be to use the MIC at the time the bands are set.</p> <p>The charges could then be set upon a level playing field thus reducing any distortions and therefore reduce any under or over recovery of residual network charges caused by an over complicated appeals process which will undoubtedly be heavily used as the proposals stand.</p> <p>The consultation includes Ofgem’s example of what they consider to be gaming under the new regime. <i>“For example, the band allocation method should not allow a site to artificially negotiate down its connection capacity at the time of allocation, only to increase it later. Taking the average of historic capacity or consumption over a long time period makes this more difficult”</i></p> <p>Whilst we would agree that such a scenario would indeed represent manipulation of the methodology for financial advantage, such a strategy would represent a very high-risk approach which could backfire dramatically. We do not believe many responsible organisations would take such risks. Once capacity is relinquished it then becomes available to other network users and could easily be reallocated to other</p>	
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		<p>customers, developers or absorbed into the network. There is no guarantee it would still be available to the customer on reapplication without substantial and potentially prohibitive network reinforcement costs. We do not therefore consider such a scenario to be a realistic option for most customers. This would also be less likely to occur if customer charges are reassessed annually rather than every 5 years.</p> <p>Another point for consideration is the scenario where a customer's business has grown over recent years. For example, the customer had a 400 kVA supply and has recently increased it to say 1,800 kVA. Over a two-year period perhaps, the average MIC is 900 kVA. Clearly, the supply should be placed in band 4 but by looking at the 24 month period they could be placed in band 2. Their residual charges would be far lower than their competitors who had not had the same fortuitous growth pattern. Such differentials in charges are random and inherently unfair in our opinion. This hypothetical customer would benefit from this arrangement at the expense of their competitors for 5 years. As Transmission and Distribution residuals will both follow this approach the commercial advantage gained by such a customer could be well over £700,000.</p> <p>Finally, in respect of MIC supplies, we would point out that part of the objective of the current reforms are to make the network more efficient and able to manage the transition to a low carbon economy. We would argue that that would be better achieved if customers were encouraged to review their MIC levels and release capacity to the network where it isn't needed. Conversely, failure to allow customers to obtain the full benefits of reducing their MIC places barriers in the way of achieving these objectives.</p> <p>As a result, this may inhibit the effectiveness of the SCR in enabling the creation of smart networks required to meet the commitment to a zero carbon economy. It may also conflict with other legislation or protocols such as the Environment Bill 2020 and the UN Paris Climate Agreement which are now key considerations in all policy decisions.</p> <p>For Low Voltage consumption banded supplies, we accept it is not reasonable to use an instant in time and although flawed, an averaged approach is probably the only practical way forward. However, we strongly believe that provision for changing the banding at a later date based upon agreed criteria should be included in the appeals process. Any adjustments should be backdated to the start of the new regime.</p>	
Leep Electric Networks Ltd	Non-confidential	<p>Yes. 24 months seems a reasonable spread of time to provide a basis. The selection of the 24 month-period to use will be important, so as to exclude any potential influence of the current COVID-19 situation on the data.</p>	

National Grid Electricity System Operator	Non-confidential	<p>We agree with the use of a maximum of 24 months' historic data for the purpose of allocating sites to Residual Charging Bands.</p> <p>This length of time is consistent with Ofgem's Direction and is sufficient to reduce the impact of customers attempting to respond to the changes by changing their behaviour as the majority of the period used for the initial allocation will be prior to the release of Ofgem's decision on TCR in November 2019.</p> <p>Whilst historic data over a greater period than 24 months may be available we do not consider it to be beneficial to use it for the purposes of allocating sites to bands. It will introduce greater complexity to the process of site allocation and a strain on systems and processes. A common timeframe reference for use in site allocation supports the consistent treatment for sites in different parts of GB and is transparent and removes unnecessary ambiguity.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>Yes. However, we would be open to a solution which would allow for something else to be used which may better reflect the demand of the site e.g. using the most recent change in maximum import capacity, where there has been a significant change during the 24 month period in recent months.</p> <p>We consider such an approach could reduce potential reallocation (e.g.) via a successful dispute. However, we recognise that the majority of the working group seemingly favour a simple averaging data approach regardless.</p>	
Npower	Non-confidential	<p>If 24 months (at least) of data is available, we believe that the site should be allocated based on the average of the most recent 24 months data. However, if a <u>customer</u> at the site has changed during that period, then it should be the average data for that customer from the date they started. This will hopefully lead to less sites going into the disputes process.</p> <p>Clarification is required as to when the 24-month historical average date range starts and ends so that customers are aware of what data will be / has been used for allocation. If this is not provided, it will result in many more disputes / legal challenges.</p>	
Opus Energy Ltd	Non-confidential	<p>Yes. We agree that the minimum requirement of 24 months as set out in the TCR Direction should apply and that averaging over a longer period where data is available could create distortions. We also agree that a more simplistic and consistent approach will prevent gaming, if a customer was to raise a dispute based on cherry-picked historical data beyond 24 months in order to seek assignment to a lower charge band.</p>	
(Scottish Hydro Electric) &	Non-confidential	<p>We agree with the allocation being based on a maximum of 24 months historical data.</p>	

(Southern Electric) Power Distribution			
ScottishPower Energy Retail Ltd	Non-confidential	Yes to an extent – see our response to Q2.	
SP Distribution / SP Manweb	Non-confidential	Yes we agree with allocating a site based on a maximum of 24 months historical data.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the principle of allocating a site based on a maximum of 24 months historical data. However, given the impact of COVID-19, the full effects of which will not be known for some time, it would be prudent to set them for the first year (from 1 <sup>st</sup> April 2022 to 31 <sup>st</sup> March 2023) on a different basis, and from 1 <sup>st</sup> April 2023 onwards for the remainder of the RIIO-ET2 period on a shorter period of historical data to minimise the demand suppression effects of COVID-19 (as we note in our answer to Question 9 above) as the very elements of distortion that the TCR SCR is looking to address may actually, inadvertently, be made worse due to the COVID-19 demand suppression effects in some market sectors.	
The Electricity Network Company	Non-confidential	Yes, we do not believe that this should go back any further than 24 months as this may cause complications and unnecessary queries and disputes around when properties were converted to different uses.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes we support the use of a maximum of 24 months data, this would allow for any spikes in the data to be smoothed.	
UK Power Reserve Ltd.	Non-confidential	Yes, a standard limit to 24 months would allow consistency among existing sites and will help avoid disputes on this matter. Limiting the assessment to the last 24 months would also give a realistic overview of the latest activity of a site and would help remove the “noise” of previous data, for instance in cases where the site has been developing and its import capacity has increased over time.	
WPD	Non-confidential	Yes	



Company	Confidential/ Anonymous	<p><b>11. Where a site does has less than 24 months of data, do you think that data should always be averaged (Approach 1), or should an alternative approach be included (Approach 2), which may best estimate the demand for that site?</b></p> <p><b>If you support Approach 2, should this apply to MIC and/or annual consumption charging bands?</b></p>	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE considers that as far as possible, sites should be placed in bands according to their expected average annual consumption. Subject to further detail being provided, we provisionally support the introduction of an alternative option for sites with very few months' consumption data to allow the DNOs to estimate likely annual use.	
British Gas	Non-confidential	We think the DNO should have the flexibility to allocate customers as best they see fit (Approach 2), but that the disputes process should allow affected customers to seek reclassification if, once 24 months of data is available, that complete data set would place them in a different band.	
Citizens Advice	Non-confidential	We favour Approach 2 over Approach 1. This option may reduce appeals, but also may increase the administrative burden on distribution companies. Overall this approach should result in charges being more fairly distributed to those parties using the network capacity, and we are satisfied that there are already sufficient barriers to prevent parties gaming to gain a competitive advantage. Approach 2 should apply to both MIC and annual consumption charging bands.	
E.on	Non-confidential	Please see response to Q.10	
EDF Energy	Non-confidential	In order to reduce the number of disputes it would seem prudent to adopt a more flexible approach.	
Electricity North West	Non-confidential	We believe that approach 1 should be used.	
Good Energy	Non-confidential	We are supportive of approach 1. The rules should be prescriptive, introducing multiple approaches will only lead to inequality of outcome. Those disputing allocations based on this approach may use the appeals process.	
GridBeyond Limited	Non-confidential	We support Approach 2, which offers more flexibility in dealing with the different circumstances of different consumers. Were there to be, say, 23 months of data available a sensible approach could be to model only the one missing month based on appropriately similar sites at the same time period as the missing data. We agree with situations where a MIC may change due to changes in circumstances of the owner of a site, and that some flexibility should be built into the processes of allocating a consumer to a band. We understand Ofgem's and the WG's concerns around gaming, particularly around setting and re-setting MIC values, however we do not believe that many consumers would attempt this without substantial – and expensive – commitments to change their own levels of	

		consumption. The WG should take into account the average consumption over the 24 months data as well as the current value of the MIC.	
Haven Power	Non-confidential	We believe approach 2 is preferable where a site has less than 24 months of data. Whilst no solution is perfect, we believe as much recent information as available should be used to estimate demand for that site and this should apply to both MIC and annual consumption charging bands.	
Inenco Group Ltd	Non-confidential	As indicated in response to question 10 we do not agree with the concept of basing the MIC on a two-year average. We very strongly agree with the work groups points in 4.59 to 4.69 and would again argue that the charges should be based upon the MIC at the time the bands are allocated and reviewed annually as detailed above.  This is a simple solution to what has been made into an incredibly difficult problem, by an apparent assumption that “gaming” is a widespread problem.	
Leep Electric Networks Ltd	Non-confidential	Approach 2, as it seeks to account for the known circumstances of the site. It could be applied to both the MIC & annual consumption charging banded sites.	
National Grid Electricity System Operator	Non-confidential	Generally, it is our opinion that actual data should be used and alternative estimation methods avoided where possible.  Alternative estimation methods will potentially introduce inconsistent treatment for sites connected in different parts of GB. Ofgem state in their response on this issue (4.49 in the consultation document) that the workgroup need to determine which method is best to allocate customers without the required 24 months of existing data to achieve a “fair and accurate” allocation.  <b><u>Allocation using Consumption Data</u></b>  Introducing an alternative method of allocation for a site where historic data is available (but there is not a complete 24 months) risks creating an unfair outcome between the two similar sites one with 24 months’ data and one with 23 months’. At whichever point a boundary is dropped where data is available (18months’, 15months’, 12 months’ etc.) sites on either side are similar but experience different outcomes. Therefore, it seems reasonable to average historic data and use all the data available.  We do recognise that it is not always possible for suppliers to report metered consumption on a month by month basis for NHH customers as this depends on the frequency of meter readings reported. Therefore, it could be appropriate to estimate a consumption profile over the year using the data available. This is commonly done to produce an EAC value. We agree with the opinion stated in the	

		<p>consultation document that the legal text should robustly detail this process to avoid it being discriminatory or arbitrary in nature.</p> <p>A disputes process has been created to enable a site to provide evidence of a material change of use where reallocation is the correct and necessary course of action. As more actual data is collected, an agent acting on behalf of the affected site can bring this evidence to the disputes panel and petition a change of band as new information is available. We recognise that the wait for actual data to be produced is difficult for sites which are incorrectly allocated but the same risk would be present if an alternative method was used as this alternative method must meet Ofgem's requirements of being both fair and accurate. It might be reasonable for the disputes panel to accept 12 months of actual consumption data to limit this wait for reallocation. A shorter period would be subject to seasonal variation and therefore not appropriate for use in disputes.</p> <p>We believe the above approach is sufficient for the allocation of sites where consumption data is used.</p> <p><b><u>Allocation using MIC</u></b></p> <p>MIC is quite a different data item and can only be changed through an application process to the relevant distributor. To maintain consistency between existing and "pseudo new" sites it seems reasonable again that an average of all available months' data (up to a maximum of 24) should be used but provisions given in the disputes process for sites' to appeal their allocation with evidence of a material change in their MIC.</p> <p>The number of months of data required for a banding dispute should be 12 months' to maintain consistency with the disputes process for sites banded using consumption data.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>As set out in response to question ten, we would prefer to proactively minimise exposure to disputes; we consider the most appropriate way to do that is by adopting approach two. This approach provides for the consideration of alternative data available that better reflects the demand of the site e.g. using only the most recent maximum import capacity.</p> <p>However, we recognise that the majority of the working group seemingly favour a simple averaging approach regardless. We appreciate that the disputes process provides for a customer to be 'made right', and that providing for use of alternative data to allocate a site may in fact result in a dispute. In the round, we believe a proactive approach is in the interests of the customer and outweighs a simple approach that <i>may</i> result in a dispute; we consider it would be far less likely to be successful and that overall it would represent significantly fewer disputes being raised.</p> <p>We believe this should apply to a Final Demand Site that is allocated based on its maximum import capacity or its annual consumption. We believe the TCR Decision and TCR Direction do not seek to distinguish in this regard, and Ofgem has provided clarity on this matter in support of this view.</p>	

Npower	Non-confidential	<p>We believe that the site should be allocated based on the average data in order to meet the Ofgem decision. However, if a customer at the site has changed during that period, then it should be the average data for that customer from the date they started. This will hopefully lead to less sites going into the disputes process.</p> <p>Clarification is required as to when the historical average date range starts and ends so that customers are aware of what data will be / has been used for allocation. If this is not provided, it will result in many more disputes / legal challenges.</p>	
Opus Energy Ltd	Non-confidential	We favour use of Approach 2, for instances where a site has less than 24 months of data. We believe that demand should be estimated using as much of the recent data that is available and that this should apply to MIC and to annual consumption charging bands.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Agree that data should be averaged using Approach 1	
ScottishPower Energy Retail Ltd	Non-confidential	Yes to an extent – see our response to Q2.	
SP Distribution / SP Manweb	Non-confidential	We support Approach 2 and believe this should apply to both MIC and annual consumption charging bands.	
SSE Energy Supply Limited	Non-confidential	Where a site has less than 24 months of data SSE Energy Supply Ltd's view is that the approach set out by Ofgem in its decision document should be followed; whereby the available actual data should be always be averaged (Approach 1) for any <u>future</u> data that is fairly stable after the demand suppression impacts of COVID-19 are taken into account. This is likely to be a better solution for the bulk of the RIIO-ET2 period. However, in light of the substantial overall demand suppression seen in GB recently (as set out by NGENSO, which we noted in our answer to Question 9 above) it would be prudent to adopt a hybrid approach whereby Approach 2, based on COVID-19 reflected EACs for example, are used for perhaps one year of the five years of a price control period before reverting back to the actual data of Approach 1 for the four remaining years as it allows for the impacts of COVID-19 to be better accounted for.	
The Electricity Network Company	Non-confidential	Where a site does not have 24 months' data we believe that the best estimate should be used as per approach 2. This estimate could include averaging data which is available to the distributor but there may be instances where the distributor is aware that averaging the data will produce a perverse banding for the customer. It is possible that utilising the best estimate approach will result in many	

		sites being banded based on averages but it allows for a reasonable and practical approach to specific sites.	
***	Confidential	****	
UK Power Networks	Non-confidential	We support the use of approach 1 this is likely to be more reflective of the site, and more aligns to the data used for those customers where 24 months of data is available. It is important that due to the volume of sites where 24 months of data is not available that this is as automated as possible, with ideally limited or no manual intervention.	
UK Power Reserve Ltd.	Non-confidential	<p>We support Approach 2, with the understanding that the “best estimate” may, and should, include averaging data where there is at least 12 months available.</p> <p>It is vital that the legal text gives clear instruction, which does not need to be prescriptive, and DNOs are encouraged/obligated to be transparent and robust in their decision making. This will allow DNOs to be consistent with each other and give the consumers and Ofgem visibility of how the decision is made.</p>	
WPD	Non-confidential	Approach 1 should be applied but the rules need to be clearly defined. For example if using kwh for banding for a NHH site where P222 data is not available and the site has less than 24 months history but has greater than 12 months history then 12 months data should be used to remove the effects of seasonality. The capacities of sites banded based on their MIC are not affected by seasonality.	

Company	Confidential/ Anonymous	12. Do you agree with the Working Group view that, subject to exceptional circumstances or a successful dispute, a site will be allocated to a charging band effective for the duration of each onshore electricity transmission price control period?  If not, please provide any supporting rationale.	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
British Gas	Non-confidential	Yes, the Ofgem response seems to provide this clarification.	
Citizens Advice	Non-confidential	Yes, it seems proportionate to allocate sites to a charging band at the start of a price control. An annual process may simply add additional admin for little benefit.	

E.on	Non-confidential	Yes.	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	Yes, this is clearly Ofgem's intent. Anything else would introduce gaming opportunities.	
GridBeyond Limited	Non-confidential	<p>No, we do not agree with this proposal. We understand that the bands can be set once per transmission price control period, but that consumers could be reallocated between those bands each year depending on their activity over the previous 24 months.</p> <p>If consumers are only to be reallocated every 5 years then consumers will have little or no incentive to reduce consumption, improve their patterns of consumption, or bring their flexibility to the markets. The DNOs will find that customers will have no incentive to relinquish any MIC volumes within the 5 year price control periods as they may as well hold onto any unused capacity which they will be charged for regardless. Unused capacity on the system will then only be freed up once every 5 years, rather than more smoothly every year.</p> <p>There seems to be no reason why customers cannot be reallocated every year. Such an opportunity would incentivise consumers to have more regard to their effect on the system.</p>	
Haven Power	Non-confidential	Yes. For simplicity and ease of implementation we agree that a site should be allocated to a charging band effective for the duration of each onshore electricity transmission price control period.	
Inenco Group Ltd	Non-confidential	No. Whilst we agree that stability is important in respect of these changes it is not appropriate to base charges on a variable quantity such as MIC and fix the charges for 5 years for reasons given above. If this approach is adopted and resultant charges are to be considered fair, the disputes process would need to include provisions which allow any change in MIC to be considered for re-banding and lay out guidelines encompassing all eventualities. Such a process would undoubtedly be inundated with appeals due to the inherent flaws in the proposals. It would be far simpler and fairer to review bandings annually perhaps in September and reallocate supplies accordingly as in the case of Gas transportation charges.	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	Yes. Ofgem have provided clear direction in this area. A disputes process exists to correct allocations that become invalid over the course of the price control period.	

Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes, in general. Ofgem has clarified this to be the intent. However, we believe the proposal would benefit from a separate mechanism for reallocation after the initial allocation to charging bands, as set out in our response to question 13.	
Npower	Non-confidential	While we do not agree with Ofgem's rationale for recovering residual charges through banding, we agree that the Working Group view meets the approach outlined in Ofgem's TCR decision i.e. a site is allocated to a charging band for the duration of the TO price control period unless it is subject to exceptional circumstances or a dispute.	
Opus Energy Ltd	Non-confidential	Yes. We agree that a site should be allocated to a charging band effective for the duration of each onshore electricity transmission price control period. This is the simplest solution to implement and administer and an appropriate process shall also be established should a customer choose to dispute their charging band.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – need to be clear on the process when a customer reduces their MIC (as entitled to do once each year). Do they change Band if the reduction would result in such a change? (per Q13, below)	
ScottishPower Energy Retail Ltd	Non-confidential	Yes to an extent – see our response to Q2. It can easily be argued that the COVID 19 outbreak is exceptional circumstances – is there time to make provision for it?	
SP Distribution / SP Manweb	Non-confidential	Yes we agree.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the Working Group view that, in principle, a site will be allocated to a charging band effective for the duration of each onshore electricity transmission price control period. However, in line with the responses we have given above it may be prudent to allocate sites on a more frequent basis for the RIIO-ET2 onshore electricity transmission price control period only due to the dramatic impacts of COVID-19 demand suppression.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	Yes. Sites should stay within the allocated band throughout the duration of the onshore electricity transmission price control period. Otherwise, gaming would be encouraged, and it would increase uncertainty. Maintaining the allocation throughout the whole RIIO-T period will also help prevent	

		<p>distortive effects between those sites that have varying demand (e.g. weather dependant) and those which are more constant. In this sense, it would be fairer by treating everyone equally.</p> <p>Based on this timeline, the ESO will need to calculate new bands for each control period in time for DNOs to set tariffs 15 months in advance.</p>	
WPD	Non-confidential	This is consistent with the TCR direction.	

Company	Confidential/ Anonymous	13. Do you agree with the Working Group's proposals with regard to band reallocation?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE does not agree with the WG's proposal given that the threshold of halving/doubling is arbitrary. The desired outcome should be that the customer is in the right band for its use, regardless of when that change occurs during the ET RIIO cycle, whilst discouraging gaming. We would support the alternative proposal noted that a Director's statement would be required to prompt a review of a site's banding and that the Director would be required to confirm that there is a genuine, permanent and significant change in consumption.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes.	
E.on	Non-confidential	We agree with the workgroup's proposals to reallocations of bandings, insofar as the reallocation of bandings is carried out for a new price control period.	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	<p>We agree with the use of a director's letter, confirming changes of use before re-allocation can take place. However, this should only be part of the application – and further investigation should be required each time.</p> <p>The consultation document only refers to changes in capacity, but it should also apply to EACs.</p>	
GridBeyond Limited	Non-confidential	<p>We do not agree with the WG's proposals to re-allocate a consumer only in exceptional circumstances. Re-allocating all customers each year via an agreed-upon process removes the problems of an Authority having to adjudicate on whether a small number of exceptional cases – each one potentially</p>	



		unique in nature – warrant a change in banding. If all customers are assessed in the same way each year, then these ‘special’ cases need not matter.	
Haven Power	Non-confidential	We agree with the Working Group’s proposals for band reallocation.	
Inenco Group Ltd	Non-confidential	<p>We do not consider the proposals to be appropriate. To define “significant” on the basis of the model used, does not take into considerations the reasons for the change and has no other basis of validity.</p> <p>For example, a customer may undertake retro fitting of low energy LED lighting and see a 15 to 30 % reduction in their load. We believe that such a customer should be allowed to reduce their MIC to free up capacity on the network and benefit from the cost savings resulting from the residual charges if they fall into a lower band (thus improving the payback on investment) to encourage energy conservation. If not, this may be viewed as a disincentive to implement energy conservation measures and could potentially be in conflict with other legislation.</p> <p>It is our belief that a more dynamic approach with annual reviews would remove the need for reallocation altogether as this would occur as a matter of course and allow support for other efforts to achieve the governments long term energy strategy.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	Yes. A doubling or halving of the site’s MIC/annual consumption is a significantly high hurdle, we believe, to discourage gaming and to capture sites with a material change of use.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>We agree with that the circumstances in which a site will be reallocated are fit for purpose, especially on an enduring basis, however, and consistent with our response to the DCP359 ‘<i>Ofgem Targeted Charging Review (TCR) implementation – customers: who should pay?</i>’ consultation, we believe an additional reallocation mechanism should be included; to facilitate a transition period with regard to certifying that a site is a non-Final Demand Site (if the DCP359 solution deems certification to be necessary).</p> <p>This mechanism should provide 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 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</p>	

		<p>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 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>4</sup>; and (ii) encourage certification of a non-Final Demand Site by a defined and reasonable deadline.</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 NGESO.</p>	
Npower	Non-confidential	<p>Ofgem have made it clear in their decision document that it should be difficult for customers to move from one allocated banding to another. We recognise that the proposals here are therefore aiming to meet that requirement. We agree that changing voltage level is a reason for moving bands. We also agree with the working group that defining significant change as moving 2 bands is unfair.</p> <p>The alternative proposal that significance could be defined as whether the existing MIC/annual consumption either halved or doubled we agree better meets what the working group are trying to achieve to meet Ofgem's direction. We would also suggest a change of +/-30% could be regarded as an alternative significant change?</p>	
Opus Energy Ltd	Non-confidential	Yes. We agree with the Working Group's proposals regarding band reallocation.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – para's 4.77 & 4.78 seem to adequately support the WG's proposals	
ScottishPower Energy Retail Ltd	Non-confidential	We have serious concerns about the risk of customer detriment with regards to changes of tenancy (CoT). The process has to be fair and easy for the customer to understand. We believe it is neither of these. As mentioned above we believe that there is a very real risk of higher than anticipated CoTs following COVID 19, and would recommend that the process is adapted to recognise this	

<sup>4</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.

SP Distribution / SP Manweb	Non-confidential	Yes we agree.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the Working Group's proposal with regard to band reallocation.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	<p>Not entirely. We agree with the need to ensure that customers do not propose minor changes to avoid residual charges when they are close to the lower boundary threshold. Yet, while the WG noted that the upper band boundary is roughly double the lower band boundary, this does not appear to be a strong approach to apply the same parameters to a change in import capacity. Such approach would effectively mean that for any change in import capacity to be considered for reallocation needs to be exactly double of half the current one.</p> <p>The parameters need to be stronger to avoid potential gaming. A potential approach might be to consider a de minimis change (i.e. significant change when there has been a xx% increase or reduction in import capacity).</p>	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	14. Do you agree with the Working Group's proposals for defining significant change?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Please see question 13.	
British Gas	Non-confidential	We think a material change should be symmetrical around the current MIC/Annual consumption e.g. +/- 50% rather than doubling/halving.	
Citizens Advice	Non-confidential	Yes.	

E.on	Non-confidential	<p>In principle we are supportive of the workgroup's proposals for defining significant change, however we do not believe at this time the proposals have been appropriately developed. The workgroup's considerations in this area do not appear to have been thoroughly reviewed.</p> <p>On this basis we would welcome further development in this area with a view that further, detailed considerations have been undertaken by the workgroup.</p>	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	No. Using halving or doubling as a gatekeeping mechanism is rather arbitrary. If a site has a legitimate claim to have changed use, then even if it's a small change which drops it down a band, it should be able to do so.	
GridBeyond Limited	Non-confidential	No, as per our responses to Questions 12 and 13 above.	
Haven Power	Non-confidential	Defining significance as to whether the existing MIC/annual consumption either halved or doubled provides a significant deterrent to prevent customers proposing minor changes to avoid residual charges when they are close to the lower boundary threshold.	
Inenco Group Ltd	Non-confidential	No, please see response to question 13	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	Yes.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes. We favour the simple and transparent approach which a customer can consider without a need for any other information.	
Npower	Non-confidential	<p>The alternative proposal that significance could be defined as whether the existing MIC/annual consumption either halved or doubled - we agree this better meets what the working group are trying to achieve to meet Ofgem's direction. We would, however, suggest that a better approach would be +/-30%, which is still a significant change.</p> <p>We wish to make it very clear that, while meeting Ofgem's directive, we do not believe this is fair to some consumers who, for business reasons, may require to make large changes to their consumption or MIC but end up paying the same price due to the banding approach. This issue becomes even more</p>	

		paramount as business customers consider their requirements in a post Covid-19 environment. We would therefore suggest that a period of grace should be provided to allow organisations to review their estate and their operations and where necessary relinquish any excess MIC capacity.	
Opus Energy Ltd	Non-confidential	We agree with the Working Group's proposal that significance could be defined as whether the existing MIC/annual consumption either halved or doubled as this is a significantly high hurdle to prevent gaming by customers proposing minor changes to avoid residual charges when they are close to the lower boundary threshold.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – the definition in para 4.79 sets a reasonable test	
ScottishPower Energy Retail Ltd	Non-confidential	We have serious concerns about the risk of customer detriment with regards to changes of tenancy (CoT). The process has to be fair and easy for the customer to understand. We believe it is neither of these. As mentioned above we believe that there is a very real risk of higher than anticipated CoTs following COVID 19, and would recommend that the process is adapted to recognise this	
SP Distribution / SP Manweb	Non-confidential	Yes we agree.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the Working Group's proposals for defining significant change.	
The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes.	
UK Power Reserve Ltd.	Non-confidential	No, the reference to doubling or halving capacity as an indication of significant change is arbitrary and can be easily subject to gaming. We would prefer an approach that considers a de minimis change (i.e. significant change when there has been a xx% increase or reduction in import capacity).	
WPD	Non-confidential	The proposal to define significant change to double or halve is far too arbitrary and may result in a customer have to move two bands. Analysis needs to be done to calculate relative band width so that a significant change will allow a customer to be able to change without having to jump bands.	

Company	Confidential/ Anonymous	15. Do you support the proposed make up and appointment process of the Disputes Committee?	Working Group Comments
Association for Decentralised Energy	Non-confidential	The ADE supports the use of the Panel selection process for appointment to the Committee. The Committee make-up should include not only DNOs and suppliers but also users themselves who ultimately face the charge. This could, for example, include a consumer protection representative such as Citizens Advice and a large user.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	This seems sensible, but we are not fully clear on the process of appointment/election.	
E.on	Non-confidential	We support the proposals to create a disputes committee and feel the appointment process is both a tried and tested method and agree that any dispute resolution hearing must be quorate with a minimum of 1 supplier and 1 distributor represented.  As the disputes process may impact Transmission Demand residual charges, we feel that it is appropriate to extend dispute committee membership to the National Grid ESO.	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	We agree with the process. However, the make-up of the committee does not feel appropriate – why more DNOs than Suppliers? Additionally, would it be possible to have a non-supplier/dno seated on it? This could be Ofgem, for example.	
GridBeyond Limited	Non-confidential	We support the formation of an industry-based Disputes Committee.  A Disputes Committee would be necessary in the general case where a customer objects to being banded, and in such circumstances a committee based on industry participation is to be welcomed.  However, we refer you to our points in questions 12 & 13 wherein we argue that such a committee would not be necessary for the purpose of adjudicating the ‘exceptional circumstances’ of a consumer changing their banding in the case where all parties are reallocated to bands each year.	
Haven Power	Non-confidential	Yes. It is important for all parties including customers to have a disputes process. In the first instance we agree it would be preferable to reach an agreement between the Distributor and Supplier/Customer but if that were not possible the proposal for a Disputes Committee and its make-up is appropriate.	

Inenco Group Ltd	Non-confidential	<p>We observe that, at first sight although the DCUSA agreement is concerned with the relationship between the distributors and suppliers, neither party appear directly affected financially by the appeals process. Distributors income is regulated and any under or over recovery in one year is adjusted for in subsequent years. Similarly, suppliers are not likely to be affected by any appeal decision if the charges are changed, as their terms and conditions would usually allow them to recover any increase in charges from the customer.</p> <p>At first sight this would appear to be a positive point which supports a view of impartiality. However, it is the income of these organisations which is protected, not necessarily their profits. Any successful appeal would undoubtedly result in both distributors and suppliers incurring additional costs (providing the benefit on fixed price supply contracts is not retained by suppliers) which would come directly off their profit. This could, therefore, be seen to provide a disincentive towards upholding appeals.</p> <p>This tendency to want to minimise costs is clearly demonstrated in the work groups' desires to keep the status quo at the expense of fair and equitable changing of customers, in both DCP 359 and these DCP's. IE. Ignoring the decision document decision regarding the definition of a site and not considering alternative arrangements for supplies in excess of their MIC.</p> <p>In this case we believe the panel should be expanded to include representatives of both Ofgem and Customers in order for it to have greater credibility.</p> <p>We do not object to the panel meeting in August each year providing all decisions are backdated to the start of the relevant charging period as suggested.</p> <p>However, referring to the example of Low Voltage Substation supplies in our response to the DCP 359 consultation we would point out some suppliers may retain any refund in respect of backdated credits. We cannot see how this could be avoided unless provision were to be made for the refunds to be passed directly to the customer by the distributor.</p>	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	We are supportive of the proposal.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes, however we would appreciate clarity as to how this will be funded; specifically whether this will be paid for by all DCUSA parties or not?	

		<p>As a result of the TCR Decision to introduce artificial boundaries, and based on the TCR Decision impact assessment – the material incentive to ensure a site is allocated to as low a charging band as reasonably possible<sup>5</sup>, we believe there will likely be significant volume of disputes raised; which may need to be resolved via the Disputes Committee.</p> <p>As noted in response to questions ten, 11 and 13, we believe different approaches to those favoured by the working group could mitigate this risk.</p>	
Npower	Non-confidential	Yes. We would also support the option of a relevant Trade Body being represent the interests of business customers. E.g CBI, MEUC, ADE etc	
Opus Energy Ltd	Non-confidential	Yes. Because the new bandings could have a significant financial impact it is important for all for all parties including customers to have a disputes process. We agree with the proposed make-up of the Disputes Committee to achieve quoracy.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes	
ScottishPower Energy Retail Ltd	Non-confidential	While we understand the rationale for the make up of the Disputes Committee we believe allowances need to be made if not enough potential members volunteer. Initially at least this could be a very big undertaking, particularly for supplier representatives who have no real benefit for their parent company being there.	
SP Distribution / SP Manweb	Non-confidential	Yes we support the proposed make up and appointment process of the Disputes Committee.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd does not fully support the proposed make up and appointment process of the Disputes Committee as currently proposed. In our view the Committee needs to have equal representation from distributors and suppliers (who are independent of the DNO/supplier of the site in dispute)and there should be a consumer representation (in the form of either a person from Citizens Advice or Citizens Advice Scotland) on the Committee, and also that one constituency (i.e. distributors) should not, in the interest of natural justice, form a majority on the Disputes Committee. SSE also supports a representative from the Authority being in attendance, as an observer, at meetings of the Disputes Committee.	

<sup>5</sup> The average increase in the distribution residual fixed charge between the charging bands is 200% and 240% in Northeast and Yorkshire respectively. The range of increases between the different 'groups' is 114% to 288% in Northeast, and 87% and 470% in Yorkshire.



The Electricity Network Company	Non-confidential	Yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes. However, the process for allocating site banding needs to be so clear that the opportunity for disputes will rarely arise.	
UK Power Reserve Ltd.	Non-confidential	Partly – the Disputes Committee should also include an Ofgem observer. This would allow Ofgem to be aware of any disputes and allow the Authority to prepare in case of escalation.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	16. Do you support the process for handling disputes? Please provide your rationale especially if you do not support the process.	Working Group Comments
Association for Decentralised Energy	Non-confidential	<p>The process needs to be developed further. There should be a published and transparent Terms of Reference for the Committee and clear criteria by which they will make decisions. It should also be clear whether users would be able to appeal to Ofgem following an unsuccessful appeal to the disputes process.</p> <p>A successful appeal may, particularly at higher voltages, change the tariffs for other users in that band. It would be useful if this were communicated to all users as appeal decisions were made and in advance of the annual tariff publication.</p>	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Broadly, yes. To avoid additional conflict it might be sensible to exclude the affected distributor from the Dispute Committee, or exclude them from voting. This may help avoid additional appeals.	
E.on	Non-confidential	<p>In principle we are supportive of process for handling disputes however we do not believe at this time the proposals have been appropriately developed.</p> <p>We feel that further detailed process handling should be developed so that customers and market participants alike have a clear understanding of what may and may not constitute a dispute in the future, noting the time limitations that the workgroup has to develop the enduring solution.</p>	
EDF Energy	Non-confidential	Yes	

Electricity North West	Non-confidential	Yes, we support the proposed process as it allows for an appeal to industry experts which should allow for consistency across GB.	
Good Energy	Non-confidential	More development is required here, to make the process for all users - not only those who may raise disputes, but those who may be affected indirectly – higher voltage users changing bands upon reallocation of other sites.	
GridBeyond Limited	Non-confidential	We agree with the WG's proposals.	
Haven Power	Non-confidential	Yes	
Inenco Group Ltd	Non-confidential	We believe the disputes process would be unnecessary if banding allocation was more dynamic and re-banding was carried out each year based upon the actual MIC at the time of re-banding.	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	There is no rationale for the timescales given in the legal text for the handling of disputes. It would be useful to have that information in the consultation document so the full process can be easily seen. From the ESO's perspective this would be useful to ensure that a process for disputes for Transmission connected sites is fair and mirrors the timescales where possible of the Disputes Committees' process for all Distribution connected sites.  The ESO will be notified of the successful dispute through an update to the site count data file when next received from ELEXON. It is not necessary to create a separate notification process.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes.	
Npower	Non-confidential	We support the need for a disputes process – customers will certainly need the opportunity to challenge their bandings. There needs to be clarity around what data has been used to allocate a customer to a band i.e. start and end month. As previously highlighted, the timing of creating the bandings and allocating customers to bandings could not have been worse. As a major supplier of business customers, we are already seeing large impacts to customer consumption / operations as a result of the current Covid-19 issue. It is highly likely that moving forward, many customers will have significant changes to their consumption or may have renegotiated their MIC with the DNOs. This will inevitably lead to a large number of banding disputes once these changes go live. This will be a time consuming process and DNOs / suppliers may not have the resources required to handle these disputes in a timely manner.	
Opus Energy Ltd	Non-confidential	Yes.	

(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – it meets the criterion of being clear, impartial and fair.	
ScottishPower Energy Retail Ltd	Non-confidential	Yes, but see our previous comments on COVID 19. We do not want to add burden to individual customers at this time.	
SP Distribution / SP Manweb	Non-confidential	Yes we support the process for handling disputes.	
SSE Energy Supply Limited	Non-confidential	<p>SSE Energy Supply Ltd supports, in principle, the process for handling disputes. However, sometime after the implementation and establishment of the Disputes Committee, and with the benefit of some experience of its operation, the disputes process should be reviewed.</p> <p>Notwithstanding the above, we note that Recitals 38, 42 and 53 as well as, for example, Article 37(11) of Directive 2009/72 (which is still applicable in GB law) that “<i>Any party having a complaint against a transmission or distribution system operator in relation to that operator’s obligations under this Directive [such as “transmission and distribution tariffs or their methodologies” as per Article 37(6)] may refer the complaint to the regulatory authority which, acting as dispute settlement authority, shall issue a decision</i>” and, therefore, it is possible (probably?) that customers may wish to exercise their legal right to instead take any complaint(s) they have with the DNO’s (or ESO’s) allocation of their site(s) direct to the NRA (Ofgem in the case of GB) for settlement of the dispute; rather than use the proposed ‘Disputes Committee’. Furthermore, the proposed legal text, for the DCP358 and DCP360 changes, should <u>not</u> prevent parties from being able to take any such complaint(s) directly to Ofgem rather than the ‘Disputes Committee’ (indeed if the DCUSA legal text were to inhibit parties doing this it could be rendered invalid by virtue of it being ultra vires).</p>	
The Electricity Network Company	Non-confidential	Yes, we generally support the process for handling disputes. We do note that it is possible that the incorrect allocation to a band is likely to incur significant cost to businesses and the option to use the disputes process is likely to be beneficial for the customer so we believe that there may be merit in placing an explicit limitation on the number of times which a party can raise a dispute on a particular site (noting that this should not impact on their statutory or contractual rights to appeal).	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes, the approach suggested aligns to that which already happens under the BSC (Trading Disputes Committee) and also the approach for the reclassification of LV or HV Network to Substation charges.	

		We do however strongly believe that the arrangements need to be set up so that there is no opportunity or need for qualitative judgement. The process on which banding is allocated needs as far as possible to be fool proof, these need to be binary decisions such that parties do not need to raise disputes.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	<b>17. Do you consider that DCP 358 better facilitates the DCUSA Objectives?</b> <b>If so, please detail which of the Objectives you believe are better facilitated and provide supporting reasons.</b> <b>If not, please provide supporting reasons.</b>	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes – recognising the concerns that the ADE has raised above.	
British Gas	Non-confidential	Charging Objectives 1 is better facilitated as this change is required to implement the TCR Direction.	
Citizens Advice	Non-confidential	Yes. We agree with the workgroup's assessment.	
E.on	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes, as the TCR direction is from Ofgem Charging objectives 1 and 2 are better facilitated by this change as they are following their charging methodologies and ensuring that there are no harmful distortions.	
Electricity North West	Non-confidential	We agree that the proposal better meets objectives 1 and 2.	
Good Energy	Non-confidential	Please refer to concerns raised above. Charging objective 1 will be better facilitated in that this DCP will reflect the result of the SCR.	
GridBeyond Limited	Non-confidential	Yes	
Haven Power	Non-confidential	We consider DCP 358 better facilitates DCUSA Objectives 1 and 2 as it delivers the intent of the TCR and does not restrict, distort, or prevent competition in the transmission or distribution of electricity.	

Inenco Group Ltd	Non-confidential	We consider that using the same bands as for TNUoS residual charge is a sensible approach which will make billing easier	
Leep Electric Networks Ltd	Non-confidential	Yes. Objective 1 as the change facilitates implementation of the Authority's TCR.	
National Grid Electricity System Operator	Non-confidential	We agree that DCP358 better facilitates the DCUSA objectives (1 and 2) as highlighted in the consultation document for the reasons given.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>Yes. We agree with the proposer that DCP358 will better facilitate DCUSA Charging Objectives one and two; with no impact on the others.</p> <p>DCUSA Charging Objective one is better facilitated by ensuring that DNOs are compliant with licence requirements in relation to SCRs; implementing specific requirements set out in the TCR Direction.</p> <p>DCUSA Charging Objective two is better facilitated by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market.</p>	
Npower	Non-confidential	<p>No. DCP358 and DCP360 do not better facilitate the DCUSA objectives.</p> <p>These changes are unfair to many customers. Some customers will be paying much more than they were previously, through the application of an arbitrary banding. A key concern is that Ofgem's preferred structure will be harmful to a subset of businesses (where the MIC is on the 'wrong' side of the banding threshold). This methodology does not encourage users to give up unrequired capacity since there is no financial benefit for doing so. (A charge based on actual agreed supply capacity would have been fairer).</p> <p>Many customers may already be financially weakened as a result of the Covid-19 outbreak, the implications of the extra charges is entirely inappropriate as is Ofgem's regularly quoted position "that there will be winners and losers". We believe that, under the current circumstances, permission should now be sought from Ofgem to consider allowing a period of grace to allow businesses to review their post-Covid19 MIC requirements and hand-back of kVA capacity before implementing these modifications.</p> <p>As previously stated, the timing of these changes – both in terms of setting bandings and allocating customers to bands – is now an issue that could not have been anticipated at the time of the Ofgem decision or during the CP Working Group. Covid-19 is causing large changes to customer's consumption / pattern of use. The accuracy of the band setting / allocation to banding is now at risk due to the timescales of when the snapshot is taken. Customer usage may now widely change in the future.</p>	

		<p>We believe that these CPs should be implemented at the same time as Access and Forward Looking Charges since that work will likely impact the level of residual charges. These changes should be handled in a holistic manner – not the current piecemeal fashion that is being applied. There will be additional IT associated costs for these changes (ultimately paid for by consumers) which may then become redundant once the full extent of the Access and Forward Looking Charges changes are known and further changes are implemented.</p> <p>This modification is currently detrimental to competition. Many suppliers do not have yet have all the information they need to fully undertake IT system development to accurately price customers in a cost reflective manner (e.g. bandings, LLFCs, customer allocation). They are relying on workarounds, applying risk margin or will enforce contractual reopeners later meaning that some customers may not receive the fixed price contract that they wanted.</p>	
Opus Energy Ltd	Non-confidential	We believe that DCP 358 better facilitates DCUSA Charging Objectives 1 and 2 as it delivers the intent of the TCR and does not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an interconnector.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Agree with the WG that DCUSA Charging Objectives 1 and 2 are better met by the implementation of DCP358	
ScottishPower Energy Retail Ltd	Non-confidential	Yes – as per change form	
SP Distribution / SP Manweb	Non-confidential	Yes we agree with the Working Group that Charging Objectives One and Two are better facilitated.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the proposer that DCP 358 better facilitates DCUSA Charging Objectives 1 and 2.	
The Electricity Network Company	Non-confidential	Yes, Objectives 1 and 2 as noted in the consultation.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	<p>We agree with the Working group that Charging Objective one is better facilitated by both DCP358 by ensuring that each DNO complies with the obligations imposed by the Act and by its Distribution Licence.</p> <p>Charging Objective two is better facilitated by DCP358 by ensuring that competition in the the generation and supply of electricity and will not restricted or distorted.</p>	

UK Power Reserve Ltd.	Non-confidential	Yes, charging objectives 1 and 2 as per the WG considerations.	
	Non-confidential	Charging Objective 1 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.	

Company	Confidential/ Anonymous	18. Do you consider that DCP 360 better facilitates the DCUSA Objectives? If so, please detail which of the Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes – recognising the concerns that the ADE has raised above.	
British Gas	Non-confidential	Charging Objectives 1 is better facilitated as this change is required to implement the TCR Direction.	
Citizens Advice	Non-confidential	Yes. We agree with the workgroup's assessment.	
E.on	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes, Charging objectives 2 is better facilitated by this change as they are following ensuring that there are no harmful distortions.	
Electricity North West	Non-confidential	We agree that the proposal better meets objectives 1.	
Good Energy	Non-confidential	-	
GridBeyond Limited	Non-confidential	Yes	
Haven Power	Non-confidential	We consider DCP 360 better facilitates DCUSA Objective 1 as it delivers the intent of the TCR.	
Inenco Group Ltd	Non-confidential	We would question whether a process which would inherently disadvantage some end users and benefit others randomly (and in our view unfairly) could be considered efficient under DCUSA objective 3.1.1	
Leap Electric Networks Ltd	Non-confidential	Yes. Objective 1 as the change facilitates implementation of the Authority's TCR.	

National Grid Electricity System Operator	Non-confidential	We agree that DCP360 better facilitates the DCUSA objectives (1) as highlighted in the consultation document for the reasons given.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>Yes. We agree with the proposer that DCP360 will better facilitate DCUSA Charging Objectives one, but also believe that it will better facilitate DCUSA Charging Objective two; with no impact on the others.</p> <p>DCUSA Charging Objective one is better facilitated by ensuring that DNOs are compliant with licence requirements in relation to SCRs; implementing specific requirements set out in the TCR Direction.</p> <p>DCUSA Charging Objective two is better facilitated by ensuring network costs are recovered fairly from network users and to reduce harmful distortions which impact competition and efficiency of the electricity market.</p> <p>However, we believe that DCUSA Charging Objective two would be better facilitated by adopting our proposals set out in response to questions ten, 11 and 13.</p>	
Npower	Non-confidential	<p>As above.</p> <p>No. DCP358 and DCP360 do not better facilitate the DCUSA objectives.</p> <p>These changes are unfair to many customers. Some customers will be paying much more than they were previously, through the application of an arbitrary banding. A key concern is that Ofgem's preferred structure will be harmful to a subset of businesses (where the MIC is on the 'wrong' side of the banding threshold). This methodology does not encourage users to give up unrequired capacity since there is no financial benefit for doing so. (A charge based on actual agreed supply capacity would have been fairer).</p> <p>Many customers may already be financially weakened as a result of the Covid-19 outbreak, the implications of the extra charges is entirely inappropriate as is Ofgem's regularly quoted position "that there will be winners and losers". We believe that, under the current circumstances, permission should now be sought from Ofgem to consider allowing a period of grace to allow businesses to review their post-Covid19 MIC requirements and hand-back of kVA capacity before implementing these modifications.</p> <p>As previously stated, the timing of these changes – both in terms of setting bandings and allocating customers to bands – is now an issue that could not have been anticipated at the time of the Ofgem decision or during the CP Working Group. Covid-19 is causing large changes to customer's consumption / pattern of use. The accuracy of the band setting / allocation to banding is now at risk due to the timescales of when the snapshot is taken. Customer usage may now widely change in the future.</p>	



		<p>We believe that these CPs should be implemented at the same time as Access and Forward Looking Charges since that work will likely impact the level of residual charges. These changes should be handled in a holistic manner – not the current piecemeal fashion that is being applied. There will be additional IT associated costs for these changes (ultimately paid for by consumers) which may then become redundant once the full extent of the Access and Forward Looking Charges changes are known and further changes are implemented.</p> <p>This modification is currently detrimental to competition. Many suppliers do not have yet have all the information they need to fully undertake IT system development to accurately price customers in a cost reflective manner (e.g. bandings, LLFCs, customer allocation). They are relying on workarounds, applying risk margin or will enforce contractual reopeners later meaning that some customers may not receive the fixed price contract that they wanted.</p>	
Opus Energy Ltd	Non-confidential	We believe that DCP 360 better facilitates DCUSA Charging Objective 1 as it delivers the intent of the TCR.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Agree with the WG that DCUSA Charging Objectives 1 is better met by the implementation of DCP360	
ScottishPower Energy Retail Ltd	Non-confidential	Yes as per change form	
SP Distribution / SP Manweb	Non-confidential	Yes we agree with the Working Group that Charging Objective One is better facilitated.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd agrees with the proposer that DCP 360 better facilitates DCUSA Charging Objective 1.	
The Electricity Network Company	Non-confidential	Yes, Objective 1 as noted in the consultation document.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	We agree with the Working group that Charging Objective one is better facilitated by both DCP360 by ensuring that each DNO complies with the obligations imposed by the Act and by its Distribution Licence.	
UK Power Reserve Ltd.	Non-confidential	Yes, charging objective 1 as per the WG considerations.	

WPD	Non-confidential	Charging Objective 1 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.	

Company	Confidential/ Anonymous	19. Are you aware of any wider industry developments that may impact upon or be impacted by these CPs?	Working Group Comments
Association for Decentralised Energy	Non-confidential	CMP332 has now been postponed. This should be reviewed regarding the timescales for this modification.	
British Gas	Non-confidential	The impact of the country-wide lockdown resulting from Covid-19 is likely to have a significant impact on the annual consumption the population of LV no-MIC customers in particular. Therefore, there is a concern that the EAC snapshot proposed for the initial setting and allocation to bands may represent a distorted dataset. We flag this as a risk for the Working Group's consideration.	
Citizens Advice	Non-confidential	-	
E.on	Non-confidential	No	
EDF Energy	Non-confidential	No	
Electricity North West	Non-confidential	No	
Good Energy	Non-confidential	Postponement of CMP 332 should provide pause for review of the other timescales involved in implementing the TCR.	
GridBeyond Limited	Non-confidential	CMP 332 has been delayed by a year, and so the pressure to deliver on these objectives is lessened. We urge the WG to publish information on how consumers will be banded as soon as it is practically possible, as the more time that consumers have to digest and understand how their charges will be changed will greatly help with adjustment to the new charging schemes.	
Haven Power	Non-confidential	No	
ICoSS group (The Industrial and Commercial Shippers and Suppliers) group	Non-confidential	The TCR changes are the most significant reform to the network charging regimes since privatisation and hence will have a significant impact on the market. To implement such a substantial change will inevitably take significant time for suppliers, customers and networks.  There is still a considerable amount of development to be undertaken by all parties. The replacement of the existing charging framework means that suppliers and customers cannot utilise historic charges to predict future costs. Whilst indicative illustrative values have been provided, they do not provide a	

		<p>full tariff schedule and so are not robust enough to allow accurate forecasting to be developed to date. This makes it impossible for suppliers to forecast customer costs with any accuracy, either for new tender contracts, or to quantify the impact on existing customer bills.</p> <p>For non-domestic suppliers, the system changes required are also significant, requiring amendments to forecasting tools and pricing engines, as well as billing processes.</p> <p>The delivery timescales prior to the COVID-19 pandemic for suppliers was challenging as the proposed implementation date was only finalised in December 2019.<sup>6</sup> In common with other businesses across the economy, the disruption to normal business activities through closure of work premises, self-isolation and childcare needs from the COVID-19 pandemic is significant.</p> <p>This is severely limiting the resources available to suppliers and so our members are rightly focussing, in line with Government and Ofgem advice, their resources on maintaining their business' survival, helping customers and "keeping the lights on". We would expect networks to have the same issues.</p> <p>Ofgem has ceased work on some critical industry change programmes and delayed others as a result of COVID-19 and these changes will also be impacted. In particular Ofgem has delayed work on the accompanying CUSC change CMP332 owing to concerns that the timescales for successful delivery could not be met<sup>7</sup>. The Targeted Charging Review Project Initiation Document<sup>8</sup> indicated that there was no contingency in the delivery plan to handle unexpected delays. COVID-19 clearly represents such an unexpected delay.</p> <p>It would be unreasonable to expect suppliers to continue to work to the proposed delivery date whilst also managing the fallout of the COVID-19 pandemic, whilst other programmes are being delayed. We agree with the need to avoid changes to tariffs mid-year as set out in the Project Initiation Document and so the project will need to be delayed until April 2023 if it is to be successfully implemented.</p>	
Inenco Group Ltd	Non-confidential	<p>We believe the proposals as presented could conflict with the objectives of the SCR to develop a smart network and the wider intention to move to a Zero Carbon Economy within the prescribed timescales. The disincentive to release spare MIC may not meet the requirements of other legislation or protocols such as the Environment Bill 2020 and the UN Paris Climate Agreement. These issues would be less relevant if the more dynamic approach with annual reviews were to be implemented.</p>	
Leep Electric Networks Ltd	Non-confidential	N/A.	

<sup>6</sup> <https://www.ofgem.gov.uk/publications-and-updates/targeted-charging-review-decision-and-impactassessment>

<sup>7</sup> <https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-newcusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1>

<sup>8</sup> <http://www.chargingfutures.com/media/1390/tcr-joint-eso-dno-pid-v10.pdf>

National Grid Electricity System Operator	Non-confidential	<p>NGESO would like to draw the DCUSA workgroup's attention to the direction made by Ofgem on 31st March 2020 (<a href="https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-new-cusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1">https://www.ofgem.gov.uk/publications-and-updates/consent-withdraw-cmp332-and-direction-raise-new-cusc-modification-proposal-new-transmission-demand-residual-charges-targeted-charging-review-tcr-1</a> ) to approve the withdrawal of CUSC Modification Proposal (CMP) 332 and to direct the ESO to raise a new CMP with an implementation date of 1st April 2022. CMP332 was one of a suite of modifications raised to implement Ofgem's TCR decision on Demand residual charging. The consultation document for DCP358/360 was published prior to the publication of Ofgem's revised direction of the 31st March 2020 and therefore does not include this new information.</p> <p>It would be prudent for the workgroup to consider whether this new implementation date for changes to the Transmission Demand Residual will impact the implementation proposals for DCP358 and DCP360.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>No, but we must ensure that changes resulting from DCP358 and DCP360 are consistent with those introduced into the Connection and Use of System Code (CUSC).</p> <p>The related CUSC Modification Proposals (CMPs) are: 332 '<i>Transmission Demand Residual bandings and allocation (TCR)</i>' (or its successor); CMP335 '<i>Transmission Demand Residual, billing and consequential changes to CUSC Section 3 and 11 (TCR)</i>'; and CMP336 '<i>Transmission Demand Residual - Billing and consequential changes to CUSC Section 14 (TCR)</i>'.</p>	
Npower	Non-confidential	<p>National Grid have delayed implementation out to April 2022 due to the work required to make Industry and process changes. We note however that DNOs are not currently planning to seek a delay. It is important that DNOs still provide 15 month's notice of 2022/23 DUoS charges. Therefore, if DNOs perceive any risk of a delay to implementation timescales (i.e. they cannot publish 22/23 tariffs by Dec20), we would urge then to highlight this now and a seek a delay from Ofgem. The Retail market needs certainty on dates.</p> <p>These CPs will be affected by the Elexon changes allowing suppliers to input more accurate estimates into the settlement system during the Covid-19 crisis. This will impact both the calculation of the bandings and allocation of customers to these bands.</p> <p>Restricting business customers from reviewing and relinquishing excess MIC is a fundamentally flawed decision – it will ultimately mean that DNOs will not have a clear view of the actual capacity requirements on their system. As a result new connections could (a) be delayed or (b) be subject to unnecessary costly reinforcement of the network. As a consequence there could be financial harm and an artificial inhibitor on new connections including end users and storage facilities. Particularly in light of the Covid-19 impacts, we believe that that Ofgem should consider permitting a period of grace to</p>	

		<p>allow businesses to review their MIC requirements and hand-back of kVA capacity before implementing these modifications.</p> <p>We have already highlighted that we believe these CPs should be implemented at the same time as Access and Forward Looking Charges since that work will likely impact the level of residual charges. These changes should be handled in a holistic manner – not the current piecemeal fashion that is being applied. This will reduce costs to consumers.</p>	
Opus Energy Ltd	Non-confidential	No.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	No	
ScottishPower Energy Retail Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by these CPs.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd 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	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Only the other TCR changes (DCP359 and DCP361) which are being progressed at this time.	
UK Power Reserve Ltd.	Non-confidential	No.	
WPD	Non-confidential	The impacts of Covid 19 on the industry is distorting sales which could affect the P222 EACs produced in August 2020. This could have the effect of sites being placed in higher or lower bands than they would otherwise have been before the pandemic. Elexon have put measures in place to prevent try and mitigate this, however, the mitigation procedures rely on manual intervention which may not be applied correctly.	

Company	Confidential/ Anonymous	20. Are you supportive of the proposed implementation date being 5 Working Days following Authority approval?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
British Gas	Non-confidential	Yes	
Citizens Advice	Non-confidential	Yes	
E.on	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
Good Energy	Non-confidential	Yes.	
GridBeyond Limited	Non-confidential	Yes, subject to the timelines regarding the postponement of CMP332.	
Haven Power	Non-confidential	Yes. Whilst we are supportive of the implementation date and recognise the need for Distribution Network Operators to publish DUoS tariffs with 15 months' notice, we believe the working group should consider the potential benefits the delay of CMP 332 may bring to Customers. Due to Covid19, Customer demand may not currently be reflective of typical demand and if there is the opportunity to delay allocating Customers to published bands then it may be prudent to do this so that non-reflective Customer Demand can be discounted from the process.	
Inenco Group Ltd	Non-confidential	We are not supportive of the implementation in its current form	
Leep Electric Networks Ltd	Non-confidential	Yes.	
National Grid Electricity System Operator	Non-confidential	We have no strong preference on this question and are supportive of legal text implementation dates that support the overall implementation of Ofgem's TCR Direction. Five working days is an acceptable period of time to the ESO.	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	Yes.	
Npower	Non-confidential	Yes	

Opus Energy Ltd	Non-confidential	Yes. Although we are supportive of the implementation date given the need for Distribution Network Operators to publish DUoS tariffs with 15 months' notice, due to the exceptional and unexpected impacts of COVID-19, current levels of customer demand will not be typical. Given the delay to CMP332, the Working Group may therefore wish to consider delaying the allocation of Customers to the published Charging Bands.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	Yes – the timeline for the TCR DCPs implementation is tight, and the reliance the DCP 359 has on the Authority approval of DCPs 358 & 360 makes 5 WD after Authority approval necessary	
ScottishPower Energy Retail Ltd	Non-confidential	Yes	
SP Distribution / SP Manweb	Non-confidential	Yes we are supportive of the proposed implementation date.	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd is supportive of the proposed implementation date being five (5) Working Days following an Authority approval.	
The Electricity Network Company	Non-confidential	yes	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	Yes, but all TCR changes need to be considered together and not in isolation.	
UK Power Reserve Ltd.	Non-confidential	Yes.	
WPD	Non-confidential	Yes	

Company	Confidential/ Anonymous	21. Do you have any comments on the draft legal text for DCP 358?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No further comments.	
British Gas	Non-confidential	No	

Citizens Advice	Non-confidential	No	
E.on	Non-confidential	No	
EDF Energy	Non-confidential	No	
Electricity North West	Non-confidential	No	
Good Energy	Non-confidential	No.	
GridBeyond Limited	Non-confidential	No comment	
Haven Power	Non-confidential	No	
Inenco Group Ltd	Non-confidential	The draft legal text may require substantial changes to avoid the issues detailed above	
Leep Electric Networks Ltd	Non-confidential	None.	
National Grid Electricity System Operator	Non-confidential	<p>The legal text is largely clear and concise. It is helpful to have it all condensed in one schedule.</p> <p>The following points are for the workgroup to consider with respects to the legal text for DCP358:</p> <ol style="list-style-type: none"> <li>1) 2.1 (a) The data for band setting pertaining to MIC is to be as of July 2020. I think it would be better to have an exact date, perhaps 31st July 2020, in case there is any confusion over MIC changes which might take place during the month of July. This would create complete alignment for DNO data collection from different GSP groups.</li> <li>2) 3.1 It might be appropriate to align with the Charging Year coinciding or immediately following the commencement of the price control rather than the commencement of the price control just in case for some reason they don't align.</li> </ol>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>We believe that it is necessary to set out the requirement to appoint the Banding Agent in the DCUSA as opposed to the CUSC, especially in light of recent events (i.e. implementation of changes to the transmission demand residual as a result of the TCR being deferred to 01 April 2022).</p> <p>Other changes would only be if the working group agree to make changes set out in response to this consultation i.e. by not taking into consideration Default EACs, or by rounding up to the nearest integer only.</p>	
Npower	Non-confidential	We have not reviewed in detail.	
Opus Energy Ltd	Non-confidential	No.	



(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	No	
ScottishPower Energy Retail Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments	
SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd does not have any additional comments on the draft legal text for DCP 358 over and above those we have noted in our answers to the previous Questions above.	
The Electricity Network Company	Non-confidential	None	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	No we are comfortable with the changes proposed.	
UK Power Reserve Ltd.	Non-confidential	No.	
WPD	Non-confidential	No	

Company	Confidential/ Anonymous	22. Do you have any comments on the draft legal text for DCP 360?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No further comments.	
British Gas	Non-confidential	No	
Citizens Advice	Non-confidential	No	
E.on	Non-confidential	No	
EDF Energy	Non-confidential	No	

Electricity North West	Non-confidential	No	
Good Energy	Non-confidential	No.	
GridBeyond Limited	Non-confidential	No comment	
Haven Power	Non-confidential	No	
Inenco Group Ltd	Non-confidential	The draft legal text may require substantial changes to avoid the issues detailed above	
Leep Electric Networks Ltd	Non-confidential	None.	
National Grid Electricity System Operator	Non-confidential	<p>The legal text is largely clear and concise. It is helpful to have it all condensed in one schedule.</p> <p>The following point is for the workgroup to consider with respects to the legal text for DCP360:</p> <p>1) 4.1 references a weighted average. Are all months of this average equally weighted? If so I would remove the word weighted. This then matches with the wording in 4.2. If the average is weighted then it would be helpful to explain the weighting proportions within the legal text.</p>	
Northern Powergrid (Northeast) & (Yorkshire)	Non-confidential	<p>As noted in response to question 13, we encourage the working group to explore a proportionate approach to certifying that a site is a non-Final Demand Site, via a one-off mechanism to reallocate a site during the relevant price control period, and have offered one suggestion.</p> <p>Although no question has been asked, we agree that it is appropriate to allocate a Final Demand Site to a charging band, where the maximum import capacity or annual consumption (as applicable) for that site, is greater than the lower boundary and less than or equal to the upper boundary. This is consistent with the TCR Decision impact assessment.</p>	
Npower	Non-confidential	We have not reviewed in detail.	
Opus Energy Ltd	Non-confidential	No.	
(Scottish Hydro Electric) & (Southern Electric) Power Distribution	Non-confidential	No	
ScottishPower Energy Retail Ltd	Non-confidential	No	
SP Distribution / SP Manweb	Non-confidential	No comments	

SSE Energy Supply Limited	Non-confidential	SSE Energy Supply Ltd does not have any additional comments on the draft legal text for DCP 360 over and above those we have noted in our answers to the previous Questions above.	
The Electricity Network Company	Non-confidential	None other than the possibility of introducing a limitation to the number of times which a party can dispute their band for a given site, but this is covered in an earlier question response.	
***	<b>Confidential</b>	****	
UK Power Networks	Non-confidential	No we are comfortable with the changes proposed.	
UK Power Reserve Ltd.	Non-confidential	No.	
WPD	Non-confidential	No	