Part A: Generic

DCUSA Change Proposal (DCP)	At what stage is this document in the process?
	01 – Change Proposal
	02 – Consultation
	03 – Change Report
	04 – Change Declaration

DCP 376:

Provision of Customer Residual Charging Bands to Suppliers

Date Raised: *21st October 2020*

Proposer: *Tom Cadge*

Company: *The Electricity Network Company*

Party Category: *IDNO*

Purpose of Change Proposal:

The purpose of this Change Proposal is to mandate DNO/IDNO parties to provide a data extract of the residual charging band that customers will be assigned to in accordance with Schedule 32 of the DCUSA. This change is intended to give all Suppliers a view of which residual band all customers subject to a residual charging band have been assigned to. This will be prior to those customers being migrated to the relevant LLFC and this will be provided on an enduring basis for each onshore transmission price control period.

Governance:

The Proposer recommends that this Change Proposal should be:

- Treated as a Part 2 Matter;
- Treated as an Urgent Change; and
- Progressed to the Change Report phase

The Panel will consider the Proposer's recommendation and determine the appropriate route.

Impacted Parties: Suppliers, DNOs, IDNOs

Impacted Clauses: Schedule 32, paragraph 3.5 and new paragraph created.

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Contents

1	Summary	3
2	Governance	4
3	Why Change?	4
4	Solution and Legal Text	5
5	Code Specific Matters	5
6	Relevant Objectives	6
7	Impacts & Other Considerations	7
8	Implementation	8
9	Recommendations	8

Indicative Timeline

The Secretariat recommends the following timetable:

Initial Assessment Report	04 November 2020
Change Report Approved by Panel	18 November 2020
Change Report issued for Voting	20 November 2020
Party Voting Closes	11 December 2020
Change Declaration Issued to Parties	15 December 2020
Implementation	22 December 2020

Any questions?

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1 Summary

What?

1.1 Suppliers need to know the residual charging band of a metering point so that they are able to accurately forecast the DUoS and TNUoS charges applicable to that metering point. The enduring solution for Suppliers to be able to identify this is through the LLFC assigned to the metering point which is available to all Suppliers via ECOES. For the initial band setting process, and for each subsequent band setting thereafter, there is a gap between the metering point being allocated to a band and this information being reflected in the LLFC. This will cause issues where Suppliers are unable to accurately identify the network charges for which a metering point is liable so that they may include those costs in a quote provided to the customer associated with the metering point. To resolve this, it is proposed that each distributor be required to send to Suppliers a list of all MPANs after they have been allocated to a charging band for the subsequent price control.

Why?

1.2 This change should be made to ensure that all distributors are required to provide the necessary information to facilitate effective competition in the supply of electricity. Whilst it is possible that some DNO/IDNO Parties may be able to provide this information in the absence of this Change Proposal the Proposer is concerned that the provision of this information on a bilateral basis, without being mandated, may have data protection implications for the distributor under both GDPR and the Utilities Act 2000.. However, these concerns are alleviated by mandating that all distributors will provide the information to Suppliers as this provides a legal requirement to process the data (through the lawful basis to process in GDPR and through Section 105(3)(c) of the Utilities Act 2000).. Although this is a Change Proposal to enable competition in supply, the Proposer is not aware that any Supplier has come forward to raise this Change Proposal but believes that it is in the best interests of consumers.

How?

1.3 It is proposed that the existing solution for each revision of charging bands (under Paragraph 3.5 of Schedule 32) is amended so that it applies to all MPANs being provided to all Supplier Parties. This amended Paragraph 3.5 will then be copied to create a new Paragraph 2.5 in Schedule 32 which mirrors this obligation for the initial band setting process. The exact mechanics of the provision of this information are not prescribed in the existing legal text so this Change Proposal does not seek to introduce such definition. However, it is anticipated that data will be shared to Supplier Party Contract Managers through an excel spreadsheet.

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2 Governance

Justification for treating as a Part 2 Matter

2.1 The Proposer believes that this should be treated as a Part 2 Matter as it does not meet the criteria set out in the guidance section of this document to be considered a Part 1 matter.

2.2 The Proposer believes that this Change Proposal should proceed directly to change report as it is putting in place a very simple solution which has been widely discussed in industry forums as necessary in order to ensure that the benefits of Ofgem's Targeted Charging Review are realised.

Justification for CP being considered Urgent

2.3 The Proposer believes that this should be treated as an urgent change as it meets the criteria set out in clause 10.7 and 10.7.1. That is to say "it relates to a current issue that if not urgently addressed may cause significant adverse commercial impact on parties (or a class of Party), electricity and/or any other person". The Proposer believes that if this is not addressed then it may mean that Suppliers are commercially disadvantaged as they are unable to accurately determine DUoS (and TNUoS) charges applicable to a metering point so will be less likely to be able to win new metering points that they are not currently registered to. This will also have an impact on all commercial customers who may be limited in their choice of Supplier.

Requested Next Steps

2.4 This Proposer recommends that this Change Proposal should:

- Be treated as a Part 2 Matter
- Be treated as an Urgent Change
- Proceed to the Change Report phase

3 Why Change?

3.1 The DCUSA (under Paragraph 3.5 of Schedule 32) requires distributors to provide, following the creation of each set of new charging bands prior to each Onshore Transmission Price Control, a list of MPANs and their new charging band to the Supplier who is registered to the metering point. The DCUSA is silent on the provision of this information for the initial charging band creation exercise.

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3.2 This change is required to ensure that realising the benefits of the targeted charging review is not delayed. If Suppliers are unable to determine which residual charging band a metering point has been assigned to then they are not going to be able to accurately forecast the DUoS and TNUoS charges applicable to that metering point. Although the method by which Suppliers quote for metering points is commercially sensitive, the Proposer believes that prospective Suppliers would be at a disadvantage without widely available network charges. The absence of accurate network charges for commercial metering points for Suppliers which are not registered to the metering point is likely to cause an imbalance of information which will be detrimental to competition in supply.

Part B: Code Specific Details

4 Solution and Legal Text

Legal Text

4.1 The proposed legal text to meet this Change Proposal is as follows:

Insert new Paragraph 2.5

2.5 On or before 31 December following 31 October referred to in paragraph 2.2 each DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises, identifying the charging band to which each such MPAN has been allocated.

Amend Paragraph 3.5

3.5 On or before 30 June following the 31 March referred to in Paragraph 3.1, each DNO/IDNO Party shall provide each Supplier Party with a list of each and every MPAN associated with a Non-Domestic Premises ~~for which that Supplier Party is (at or around the time the list of provided) the Registrant~~, identifying the charging band to which each such MPAN has been allocated.

Text Commentary

4.2 This legal text creates an obligation for the initial charging band setting which is similar to the existing obligations to provide information for subsequent band setting. However, it alters the enduring solution as well as the initial solution by removing the requirement to only send data to the Supplier which is the Registrant of the MPAN. The result of this is that each Supplier Party will receive a list of each and every MPAN associated with a Non-Domestic Premises, identifying the charging band to which each MPAN has been allocated.

5 Code Specific Matters

Reference Documents

5.1 No reference documents are provided

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6 Relevant Objectives

DCUSA Charging Objectives	**Identified impact**
☐ 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	N/A
☐ 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences) ☐ 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	N/A
☐ 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	N/A
☐ 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	N/A
☐ 6 that compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	N/A
DCUSA General Objectives	**Identified impact**
☐ 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
☒ 2 The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Positive
☐3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
☐ 4 The promotion of efficiency in the implementation and administration of the DCUSA	None

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☐ 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

6.1 This Change Proposal will better facilitate DCUSA General Objective 2 as without this change, a Supplier will be unable to determine which residual charging band a metering point has been assigned to, where a Supplier is not the current Registrant for a metering point. This means that Suppliers will be unable to accurately forecast the DUoS charges applicable to a metering point, and therefore, they will also be unable to provide an accurate quote to a prospective customer who is interested in switching Suppliers. This creates an imbalance of information between the Supplier who is currently the Registrant for a metering point and any competing Supplier, which is detrimental to competition in supply.

7 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

7.1 No, this Change Proposal does not impact on an ongoing SCR.

Does this Change Proposal Impact Other Codes?

7.2 No, this Change Proposal does not impact any other industry codes.

BSC	☐
CUSC	☐
Grid Code	☐
MRA	☐
SEC	☐
Other	☐
None	☒

Consideration of Wider Industry Impacts

7.3 The issue of provision of information by DNO/IDNO Parties to Supplier Parties has been discussed extensively at Energy Networks Association led forums which were made up of distributor, ESO, industry code and Supplier representatives and by the Targeted Charging Review Implementation Steering Group which is made up of distributor, ESO and industry code representatives. No party has raised an objection to this Change Proposal at any of those forums and all representatives at the TCR Implementation Steering Group believe that this Change Proposal should be raised.

Confidentiality

7.4 No confidentiality is attached to this Change Proposal.

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8 Implementation

8.1 It is suggested that this Change Proposal should be implemented by extraordinary release, which would be set for five working days following Party approval.

9 Recommendations

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