Company	Confidential/ Anonymous	1. Do you understand the intent of the CP?	Working Group Comments
E.ON/Npower	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	Yes	
National Grid Electricity System Operator	Non-confidential	Yes, we fully understand the proposal to align the CUSC and DCUSA definitions (and so charging methodologies) on the treatment of 'Eligible Services Facilities'.	
Northern Powergrid	Non-confidential	Yes.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes.	
Sembcorp Energy UK Limited	Non-confidential	Yes	
SP Energy Networks	Non-confidential	SPEN understand the intent of the CP.	
SSEN	Non-confidential	Yes.	
UK Power Networks	Non-confidential	Yes	
Western Power Distribution	Non-confidential	Yes	
SSE Generation	Non-confidential	Yes, we do.	

Flexible Generation Group	Non-confidential	Yes	

Company	Confidential/ Anonymous	2. Are you supportive of the principles that support this CP, which is to address distortion that exists between distribution and transmission connected providers of reactive power services?	Working Group Comments
E.ON/Npower	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes	
Electricity North West	Non-confidential	We are broadly supportive of the principles but are unsure whether current arrangements constitute a distortion as the effected service providers are providing discrete services to separate systems. This is distinct from eg Generators which essentially provide the same service to the overall system whether connected at transmission or distribution.	
National Grid Electricity System Operator	Non-confidential	Yes, we support the principles of this CP	
Northern Powergrid	Non-confidential	Yes.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. The DCUSA and CUSC are inconsistent regarding who is exempt from the residual charge. Under the CUSC, providers of reactive power are not liable for the transmission residual but under the DCUSA, providers of reactive power are liable for the distribution residual. During DCP387 Workgroup discussions there was consensus that there is no deliberate reason why this difference should exist, and that competition is being distorted between transmission-connected sources of reactive power and distribution-connection sources of reactive power.	
Sembcorp Energy UK Limited	Non-confidential	Yes	

SP Energy Networks	Non-confidential	SPEN are supportive of the principles that support this CP.	
SSEN	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes	
Western Power Distribution	Non-confidential	Yes	
SSE Generation	Non-confidential	We are generally supportive of the alignment of regulations between the transmission and the distribution networks. However, we consider that the particular distortion DCP387 seeks to address has only arisen because of the approval of WACM1 of CMP334 which we opposed (as we considered it distortionary in other ways).	
Flexible Generation Group	Non-confidential	Yes, it is vital for effective competition that the terms and treatment of DNO and TO connected plant are aligned.	

Company	**Confidential/ Anonymous**	**3. Do you agree with the Working Groups proposed definitions for 'Ancillary Service', 'Balancing Service', 'Active Power' and 'Reactive Energy'? Please provide the rationale behind your response.**	**Working Group Comments**
E.ON/Npower	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes, consistent with CUSC definitions.	
Electricity North West	Non-confidential	Apart from the definition for 'Active Power' the definitions are aligned with the relevant definition to the CUSC, Transmission Licence or the BSC, which seems appropriate. We would just highlight that the definition for 'Active Power' under this change proposal states:	

		'the product of the voltage, current and cosine of the phase angle between them, measured in watts.' …and the CUSC definition states: *'the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof i.e.* *1000 watts = 1kW* *1000 kW = 1MW* *1000 MW = 1GW* *1000 GW = 1TW'*	
National Grid Electricity System Operator	Non-confidential	We agree with the definitions developed by the workgroup but would suggest the following revisions; • For the definition of Balancing Services, we believe the reference to 'Transmission License' should be updated in the DCUSA to 'National Electricity Transmission System Operator Licence' For consistency, we would also suggest that the term 'Active Power' is also aligned to the Balancing and Settlement Code (Section X, Annex X specifically).	
Northern Powergrid	Non-confidential	Yes, however, the definition of Balancing Services should refer to the meaning given to it in the Connection and Use of System Code (CUSC), and not the 'Transmission Licence' – as the definition is currently drafted. Transmission Licence is a defined term within the CUSC; hence Balancing Services as defined in and for the CUSC works, but it does not in the DCUSA as currently written. It therefore needs to refer to the CUSC, for it to correctly refer to the defined term Transmission Licence.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. In line with the specified rationale during Workgroup discussions.	
Sembcorp Energy UK Limited	Non-confidential	Yes	

SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definitions.	
SSEN	Non-confidential	Yes, we agree with these. As part of the Working Group, we have already had chances to review and discuss them. We believe those proposed wordings will make the DCUSA to be consistent with CUSC, and also provide supporting information & better understanding for the key term "Eligible Services".	
UK Power Networks	Non-confidential	Yes we agree with the view of the WG on these terms. The definitions for Ancillary and Balancing Service is aligned to that in the CUSC which is a logical approach, the same applies to Reactive which aligns to the BSC. Active Power is already defined in DCUSA Schedules 17 & 18 and it is proposed that this is used in Schedule 32.	
Western Power Distribution	Non-confidential	Yes as they all refer to other codes or is the commonly understood meaning	
SSE Generation	Non-confidential	We note that the four terms 'Ancillary Service', 'Balancing Service', 'Active Power' and 'Reactive Energy' do not currently feature in the DCUSA. We also note that their proposed DCUSA definitions are adopted from the CUSC, the BSC and the transmission licence, in order to cater for providers of Eligible Services to the ESO, i.e. at transmission level, by enabling them to avoid the residual charges of their host distribution networks. As we do not agree with the premise of the proposal – see our response to question 10., we disagree with the introduction of these terms into the DCUSA for the aim of DCP387.	
Flexible Generation Group	Non-confidential	Yes and we welcome the alignment to other documents so if one changes the DCUSA changes to,	

Company	**Confidential/ Anonymous**	**4. Do you believe that the Working Groups proposed definition of 'Eligible Services' is appropriate for what DCP 387 is seeking to achieve? Please provide the rationale behind your response.**	**Working Group Comments**

E.ON/Npower	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes, the purpose of the DCP is to capture wider non-final demand customers including those providing reactive power to the transmission system – the eligible services definition captures this.	
Electricity North West	Non-confidential	Yes, on the basis that the definition is aligned to the CUSC following the Authority's approval of CMP334 WACM1.	
National Grid Electricity System Operator	Non-confidential	Yes we would agree with this definition.	
Northern Powergrid	Non-confidential	Yes, we are comfortable that the Working Group has appropriately defined the term Eligible Services.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. We agree with the Working Group view that the proposed DCUSA definition of 'Eligible Services' should differ slightly from the CUSC definition due to the term 'NETS' within the CUSC definition being replaced by 'DNO/IDNO Party's Distribution System' within the DCUSA definition.	
Sembcorp Energy UK Limited	Non-confidential	Yes, it aligns with the CUSC definition as closely as possible, whilst being appropriate for the DCUSA	
SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definition of 'Eligible Services'	
SSEN	Non-confidential	Yes. As the CP seeks to replicate the process and wording that was agreed by Ofgem when it approved WACM1 of CMP334. So, we believe a clearly defined term of "Eligible Services" will provide better understanding for the Industry. This would allow a provider of "Eligible Services" to certify as such, and therefore avoid residual charges in the way that generation only and storage only sites will be able to do.	
UK Power Networks	Non-confidential	We believe that the definition is appropriate and largely aligns to that used in the CUSC, with only small changes to the wording to align to existing terms in DCUSA.	

Western Power Distribution	Non-confidential	Yes	
SSE Generation	Non-confidential	Whilst we consider the definition of 'Eligible Services' adequate, we disagree with the term's introduction into the DCUSA for the aim of DCP387.	
Flexible Generation Group	Non-confidential	Yes – the definitions seem to pick up on both ESO and DSO procured ancillary and balancing services.	

Company	**Confidential/ Anonymous**	**5. Do you believe that the Working Groups proposed definition of 'Eligible Services Facility' is appropriate for what DCP 387 is seeking to achieve? Please provide the rationale behind your response.**	**Working Group Comments**
E.ON/Npower	Non-confidential	Yes	
EDF Energy	Non-confidential	Yes, the purpose of the DCP is to capture wider non-final demand customers including those providing reactive power to the transmission system – the eligible services facility definition captures this.	
Electricity North West	Non-confidential	Yes, on the basis that the definition is aligned to the CUSC following the Authority's approval of CMP334 WACM1.	
National Grid Electricity System Operator	Non-confidential	Yes we agree with this definition.	
Northern Powergrid	Non-confidential	Yes, we are comfortable that the Working Group has appropriately defined the term Eligible Services Facility.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. We agree with the Working Group that a small divergence from the definition contained in the CUSC is necessary in order to make it applicable for the purposes of the DCUSA; for example, to include both DNOs and IDNOs as well as the National Electricity Transmission System Operator (NETSO).	

Sembcorp Energy UK Limited	Non-confidential	Yes, as it aligns with the CUSC definition	
SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definition of 'Eligible Services Facility'	
SSEN	Non-confidential	Yes. As above (4).	
UK Power Networks	Non-confidential	In line with the definition or 'Eligible Services' referred to in Q4 above, we agree that this definition is appropriate in that it also largely aligns to CUSC with only subtle changes to align to existing terms in DCUSA.	
Western Power Distribution	Non-confidential	Yes because it specifically incorporates sites to the NFD group that are not captured by the existing definition that and aligns the codes as required by the Authority.	
SSE Generation	Non-confidential	Whilst we consider the definition of 'Eligible Services Facility' adequate, we disagree with the term's introduction into the DCUSA for the aim of DCP387.	
Flexible Generation Group	Non-confidential	Yes – the wording seems clear and covers all the current types of services we see in the various energy and balancing services markets.	

Company	**Confidential/ Anonymous**	**6. Do you have any comments on the draft legal text for DCP 387?**	**Working Group Comments**
E.ON/Npower	Non-confidential	No Comments/	
EDF Energy	Non-confidential	No	
Electricity North West	Non-confidential	The definitions for 'Eligible Services' states there will not be <u>any</u> production or export of Active Power, but we are unsure if the provision of such services might result in an immaterial level or production of Active Power.	

National Grid Electricity System Operator	Non-confidential	Nothing in addition to our comments in Q3.	
Northern Powergrid	Non-confidential	The definition of Non-Final Demand Site needs amending to provide clarity that a Single Site will only be eligible for zero residual charges if it is either: (a) a generator (including storage) where the import is directly for the purposes of the export; or (b) an Eligible Services Facility, and where the different requirements placed upon: (i) Supplier Volume Allocation (SVA) sites; and (b) Central Volume Allocation (CVA) sites, apply equally to both e.g. a generator and an Eligible Services Facility. Therefore, (i) and (ii) apply where (a) or (b) criteria has been met, whereas the proposed legal text applies (i) and (ii) to (b) only). We believe that additional legal text is required to address the concerns we raise in response to question 10 as well.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. We have identified a clarification change to the DCP387 legal text which we believe needs to be altered to reflect workgroup discussions under DCP359. Within the definition of Non-Final Demand Site, section (b) (i) currently states: *(i) if registered in an MPAS Registration System, is subject to certification from a Supplier Party that the site meets the criteria in paragraph (a) above, which certificate has been provided to the DNO/IDNO Party; or* This needs to be amended to reflect workgroup discussions under DCP359, in which it was discussed and agreed that the Customer should sign the certificate. Distribution Networks recently clarified that the intent was always that the Customer would sign the declaration, and that the Supplier only needed to be made aware. The rationale being that the Supplier is not responsible for site compliance arrangements, a position confirmed by the Distribution Networks. Our proposed amendment for this section of the legal text is: (i) if registered in an MPAS Registration System, is subject to certification from ~~a Supplier Party~~ **the Customer** that the site meets the criteria in paragraph (a) above, which certificate has been provided to the DNO/IDNO Party; or	

Sembcorp Energy UK Limited	Non-confidential	No, but the text may need to be adjusted to allow Sites to become Non Final Demand after 31 July 2021 (see question 9).	
SP Energy Networks	Non-confidential	No Comments	
SSEN	Non-confidential	No	
UK Power Networks	Non-confidential	No we are comfortable with the legal text as drafted.	
Western Power Distribution	Non-confidential	No	
SSE Generation	Non-confidential	We have concerns with the changes to the definition of 'Non-Final Demand Site'. The revisions for this term as marked up in Attachment 3 don't align with the CUSC definition which clearly splits Electricity Storage Facilities and Electricity Generation Facilities from Eligible Services Facilities. We believe the same separation of the two categories needs to be made for the DCUSA definition by inserting '(a)' before "at which either or both Electricity Storage and/or Electricity Generation occurs…", and deleting the current '(a)' later in the text. The (b) section should remain as currently proposed.	
Flexible Generation Group	Non-confidential	No	

Company	**Confidential/ Anonymous**	**7. Do you consider that DCP 387 better facilitates the DCUSA General Objectives? If so, please detail which of the General Objectives you believe are better facilitated and provide supporting reasons. If not, please provide supporting reasons.**	**Working Group Comments**

E.ON/Npower	Non-confidential	We believe that the applicable objectives would be better facilitated by this change.	
EDF Energy	Non-confidential	Yes, the DCP facilitates increase competition amongst transmission and distribution connected sites for providing ancillary services, in addition to creating a fairer and economical system by removing the residual cost for those customers.	
Electricity North West	Non-confidential	In aligning the DCUSA with the CUSC following the approval of CMP334 we believe DCUSA General Objective 1 is better facilitated by this change proposal.	
National Grid Electricity System Operator	Non-confidential	We agree with the Proposer in respect of which DCUSA General Objectives are impacted by DCP387 and whether these impacts are positive or negative.	
Northern Powergrid	Non-confidential	We believe that the following DCUSA General Objectives will be better facilitated by DCP387: 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.** This is objective is better facilitated by removing the distortion between transmission and distribution-connected sites which are providing Eligible Services, which is necessary as a result of the Authority approving CMP334 WACM1 (which created the distortion). 3. **The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.** This is objective is better facilitated as DNOs and the ESO were both recipients of a direction to ensure that the Authority's Targeted Charging Review (TCR) Significant Code Review (SCR) decision was implemented consistently in both the DCUSA and CUSC, where appropriate. We believe that DCP387 has a neutral impact on all other DCUSA General Objectives.	
Opus Energy Ltd and Haven Power	Non-confidential	Yes. DCP 387 seeks to remove the current unintended inconsistency between the CUSC and DCUSA for which currently under the CUSC, providers of reactive power are not liable for the transmission residual but under the DCUSA, providers of reactive power are liable for the distribution residual.	

		We believe that DCP387 therefore better facilitates the following DCUSA General Objectives: • General Objective 1: 'The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks; and • General Objective 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'.	
Sembcorp Energy UK Limited	Non-confidential	Yes, against General Objectives 1 and 2. It ensures the Residual costs fall onto the appropriate users, so supports Objective 1, and means Eligible Service providers that are not Generators are not put at a competitive disadvantage compared to Eligible Service providers who are Generators, so supports Objective 2.	
SP Energy Networks	Non-confidential	We agree with the proposer that DCUSA General Objectives one and two are better facilitated.	
SSEN	Non-confidential	Yes. General Objective 2. This proposal is to address a distortion that exists between distribution and transmission connected providers of reactive power services. As such, it affects competition between providers of reactive power services. There is also a distortion in competition between reactive power assets that are currently obliged to pay the residual component of distribution charges and other competitors that will not be charged as of 01 April 2022.	
UK Power Networks	Non-confidential	We believe that charging objectives one and two are better facilitated by this change as a result of removing distortions between transmission connected and distribution connected sites. This change also aligns to the CUSC change CMP334 which has already been approved by Ofgem.	
Western Power Distribution	Non-confidential	We agree that this has a positive impact on General Objectives 1 and 2	
SSE Generation	Non-confidential	We do not consider that DCP387 better facilitates any of the DCUSA General Objectives. We believe that the impacts of the proposal are neutral with regard to Objectives 1., 3., 4. and 5. With regard to Objective 2, we consider the impact to be negative because being exempt from the demand residual would give Eligible Services providers an unfair cost advantage when bidding for ESO contracts, compared to other, non-exempt, providers of the same services, i.e. be harmful to competition. This could lead to market distortions and ultimately higher (rather	

		than lower) costs for consumers because it could support providers who, without the unfair cost advantage, might not be competitive in their market.	
Flexible Generation Group	Non-confidential	Yes – this better fulfils the objective to facilitate effective competition.	

Company	Confidential/ Anonymous	8. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
E.ON/Npower	Non-confidential	No	
EDF Energy	Non-confidential	Seeks to capture of wider audience of non-final demand customers under the TCR.	
Electricity North West	Non-confidential	We note that while this proposal does not affect an SCR as such, it is making the implementation of the Targeted Charging Review consistent between transmission and distribution.	
National Grid Electricity System Operator	Non-confidential	Not in the short term, however we would like to highlight that these 'Eligible Services' are being driven by NGESO's need to be able to operate the Transmission System on 100% renewable energy from 2025; as such 'pathfinder projects' are helping us meet these needs in areas other than voltage (such as inertia and constraints). As such it is worth highlighting that in future, the definition of 'Eligible Services' may need to be expanded to incorporate other types of services if/when CUSC modifications do the same. These separate modifications will be raised when a need is identified.	
Northern Powergrid	Non-confidential	No.	
Opus Energy Ltd and Haven Power	Non-confidential	Not at this time.	

Sembcorp Energy UK Limited	Non-confidential	No	
SP Energy Networks	Non-confidential	We are not aware of any wider industry developments that may impact upon or be impacted by this CP	
SSEN	Non-confidential	N/A	
UK Power Networks	Non-confidential	No.	
Western Power Distribution	Non-confidential	No	
SSE Generation	Non-confidential	We have no comment.	
Flexible Generation Group	Non-confidential	No	

Company	Confidential/ Anonymous	9. What implementation date do you believe to be most appropriate for DCP 387?	Working Group Comments
E.ON/Npower	Non-confidential	We agree that the next available released is appropriate.	
EDF Energy	Non-confidential	April 2023	
Electricity North West	Non-confidential	As this change proposal will not impact tariffs or the charging models, we believe implementation on 1 April 2022 may be appropriate.	
National Grid Electricity	Non-confidential	We agree with the workgroup on the implementation of DCP387 and that it can be implemented as soon as possible after a decision. This is because it will have no impact on existing tariffs (as	

System Operator		we are not aware of any currently connected distribution sites that would fit the definition of a Eligible Services Facility) whilst provide earlier visibility for companies who may be looking to build a Eligible Services Facility.	
Northern Powergrid	Non-confidential	We believe that implementation should be the first DCUSA release after DCP387 has been approved by the Authority. However, we consider that a further DCUSA Change Proposal may be needed to clarify timescales associated with Non-Final Demand Site certification (see response to question 10).	
Opus Energy Ltd and Haven Power	Non-confidential	01 April 2022. This is in line with the Working Group view that a lead time for implementation to 01 April 2023 is not required because there is no impact to tariffs and the models do not need to be updated as a consequence of this change. This date of 01 April 2022 is subject to the necessary processes being in place to enable Customers to sign and arrange return of certification to Distribution Networks to ensure the correct tariffs can be applied from 01 April 2022. For example, section 5.1 of the Legal Text currently states: • *'Subject to Paragraph 5.3, a DNO/IDNO Party shall no longer treat a Single Site as a Final Demand Site (and shall re-classify it as a Non-Final Demand Site) if the DNO/IDNO Party has, by no later than 31 July 2021, been provided with the certification necessary to satisfy the definition of a Non-Final Demand Site.'* The 31 July 2021 date referred to above is earlier than the closing date of this consultation and so it would be helpful if the legal text could be amended to reflect the practical arrangements for new Customers to ensure return of their signed certificates.	
Sembcorp Energy UK Limited	Non-confidential	We agree with the Proposer's recommendation that implementation should be as soon as possible and no later than April 2023.	
SP Energy Networks	Non-confidential	01 April 2022	
SSEN	Non-confidential	1 April 2022.	

UK Power Networks	Non-confidential	This change will not impact upon the charging models or any published tariffs, and so believe it can and should be approved ASAP.	
Western Power Distribution	Non-confidential	We agree with the Working Group that this should be applied from 1st April 2022	
SSE Generation	Non-confidential	We have no comment.	
Flexible Generation Group	Non-confidential	This should be implemented as soon as possible.	

Company	Confidential/ Anonymous	10. Do you have any further comments on DCP 387?	Working Group Comments
E.ON/Npower	Non-confidential	No	
EDF Energy	Non-confidential	No	
Electricity North West	Non-confidential	No further comments to add.	
National Grid Electricity System Operator	Non-confidential	Not at this time.	
Northern Powergrid	Non-confidential	DCUSA Schedule 32 (Residual Charging Bands) was introduced to facilitate implementation of the TCR. Paragraphs 5.1 to 5.3 of Schedule 32 set out 'transitional arrangements' where sites can move between Final Demand Site and Non-Final Demand Site 'status', following initial allocation	

		based on DNOs reasonable endeavours for the purpose of publishing 2022/23 use of system charges (i.e. the first including TCR reform) in December 2020. The transitional arrangements were put in place to ensure that sites would have enough time to certify as a Non-Final Demand Site, where time between implementation of the respective TCR code changes and publication of 2022/23 use of system charges was insufficient. Paragraphs 5.1 and 5.2 set out that a DNO/IDNO Party must receive certification by "no later than 31 July 2021". Strictly speaking, in the absence of any other provisions, this would mean that a site generally should not change Final Demand Site 'status' thereafter (however, it is our understanding that *common sense* will be applied by DNO/IDNO Party(ies)). This consultation closes after 31 July 2021 and it will therefore be implemented after that point. We believe that it is within the scope of DCP387 to introduce appropriate legal text to ensure that this 'deadline' does not prevent an Eligible Services Facility from being unable to certify as a Non-Final Demand Site, and therefore defeat the purpose of the Change Proposal. However, we believe that consideration needs to be given to whether the scope of DCP387 can be extended to introduce sensible arrangements for all other 'types' of Non-Final Demand Site, beyond the 31 July deadline. If not, a new Change Proposal needs to be raised, e.g. to introduce an annual cut-off where, valid certificates not received by, say 31 October in any given year – and unless a previous certificate has been received (and unless the DNO/IDNO Party has reason to believe that it is no longer 'valid') – then the Final Demand Site 'status' of that site will not be changed until the following charging year at the earliest.	
Opus Energy Ltd and Haven Power	Non-confidential	Not at this time.	
Sembcorp Energy UK Limited	Non-confidential	We note that paragraph 5.1 suggests sites that would be Non Final Demand under this modification would need to have certification with the DNO/IDNO by 31 July 2021. Certification submitted after that date could come under Exceptional circumstances, except those circumstances refer to "change of use" (6.1b/6.2b) and "consumption which was used for the purposes of the allocation which the applicant is seeking to have changed" (6.3). In this case, it is not the Site which has changed, it is the definition of Non-Final Demand. The workgroup should consider how DNOs will be able to class Eligible Facilities as Non-Final Demand if certification is not in place by 31 July 2021. It is not clear that the conditions for Exemption circumstances apply, so may have to be via the Disputes Committee, unless text is added to exclude sites under this modification from the 31 July 2021 deadline.	

SP Energy Networks	Non-confidential	No further comments	
SSEN	Non-confidential	No	
UK Power Networks	Non-confidential	No	
Western Power Distribution	Non-confidential	No	
SSE Generation	Non-confidential	We disagree with the aim of DCP387. As we argued in the case of CMP334, its previously raised equivalent at transmission level, we consider that being exempt from the demand residual would give Eligible Services providers an unfair cost advantage when bidding for ESO contracts, compared to other, non-exempt providers of the same services, i.e. be harmful to competition. This could lead to market distortions and ultimately higher (rather than lower) costs for consumers because it could support providers who, without the unfair cost advantage, might not be competitive in their market. We are also concerned that the introduction of DCP387 (and CMP334, for that matter) could lead to the creation of sites which, on the face of it, meet the criteria of an Eligible Service Facility, but are designed to fulfil other purposes as well, e.g. the provision of an apparently coincidental service, or the provision of a revenue stream from the avoidance of the residual charge, but with limited or no actual provision of the Eligible Service, whilst ostensibly offering it.	
Flexible Generation Group	Non-confidential	No	