DCP 387 Collated Consultation Responses

Company	Confidential/ Anonymous	1. Do you understand the intent of the CP?	Working Group Comments
E.ON/Npower	Non-confidential	Yes	Noted
EDF Energy	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	Yes	Noted
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'.	Noted
Northern Powergrid	Non-confidential	Yes.	Noted
Opus Energy Ltd and Haven Power	Non-confidential	Yes.	Noted
Sembcorp Energy UK Limited	Non-confidential	Yes	Noted
SP Energy Networks	Non-confidential	SPEN understand the intent of the CP.	Noted
SSEN	Non-confidential	Yes.	Noted
UK Power Networks	Non-confidential	Yes	Noted
Western Power Distribution	Non-confidential	Yes	Noted

SSE Generation	Non-confidential	Yes, we do.	Noted
Flexible Generation Group	Non-confidential	Yes	Noted
Overall statement: The Working Group noted that all thirteen respondents to the consultation confirmed that they understood the intent of the CP.			

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	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
EDF Energy	Confidential	Yes	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
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.	The Working Group noted that this respondent was **broadly supportive** of the principles behind the need for CP. The Working Group sought clarity from the respondent regarding their comment on whether "current arrangements constitute a distortion as the effected service providers are providing discrete services to

			separate systems" to which the respondent explained….
National Grid Electricity System Operator	Non-confidential	Yes, we support the principles of this CP	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
Northern Powergrid	Non-confidential	Yes.	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
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.	The Working Group noted that this respondent was supportive of the principles behind the need for CP. It was also noted that the respondent provided their rationale for the change and why the distortion may exist should the CUSC WACM be approved.
Sembcorp Energy UK Limited	Non-confidential	Yes	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
SP Energy Networks	Non-confidential	SPEN are supportive of the principles that support this CP.	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
SSEN	Non-confidential	Yes	The Working Group noted that this respondent was **supportive**

			of the principles behind the need for CP.
UK Power Networks	Non-confidential	Yes	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
Western Power Distribution	Non-confidential	Yes	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.
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).	The Working Group noted that this respondent provided **only general support** of the principles behind the need for CP. The respondent noted that in their view, WACM 1 of CMP334 is distortionary in its effects. The Working Group note that they will pick up the comments in reviewing responses to later questions.
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.	The Working Group noted that this respondent was **supportive** of the principles behind the need for CP.

Overall Statement:
Of the thirteen respondents, eleven where either fully supportive with one generally so and the other broadly so. The two who were not fully aligned with the principles raised the following supporting comments:

- *"unsure whether current arrangements constitute a distortion as the effected service providers are providing discrete services to separate systems"* (ENWL); and
- *"we considered WACM1 of CMP334 which we opposed (as we considered it distortionary in other ways)"* (SSE).

Add outcome of discussion here

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	Noted
EDF Energy	Confidential	Yes, consistent with CUSC definitions.	Noted
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'*	The Working Group noted that this respondent agreed apart from 'Active Power' noting that the definition does not align with CUSC. The Working Group noted that another respondent recognised that the term aligns with schedule 17 and 18 of DCUSA and that there is no difference in interpretation between the CUSC definition and that in Schedules 17 and 18. Further to this, the Working Group were of the view that the examples shown of 'watts and

			standard multiples thereof' are superfluous. It was agreed that if the defined term were to change to reference the CUSC, then the same defined terms should be changed in Schedules 17 and 18, however, it was agreed that such amendments would be outside the scope of DCP 387.
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).	The Working Group noted that this respondent agreed but suggested that consideration be given to: • 'Balancing Services' being linked to the 'National Electricity Transmission System Operator Licence'; and • 'Active Power' is aligned to Balancing and Settlement Code (Section X, Annex X specifically) The BSC defines Active Power as: *"means the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof, that is: 1000 Watts = 1 kW 1000 kW = 1 MW"* The Working Group agreed to the proposed amendment to the definition of 'Balancing Services'

			and thus that the legal text is to be amended accordingly. For the definition of 'Active Power', given that there is no difference in interpretation between the CUSC definition and those contained in Schedules 17 and 18, the Working Group agreed to
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.	The Working Group noted that this respondent agreed but suggested consideration be given to the definition of 'Balancing Services'. Specifically, that it should reference the CUSC definition, which states *'the licence granted under section 6(1)(b)of the Act in which the standard conditions in Section C have been given effect'* The Working Group noted that the DCUSA doesn't define 'Transmission Licence' but does define 'National Electricity Transmission System Operator Licence' which states *"means a transmission licence granted, or treated as granted, pursuant to Section 6(1)(b) of the Act and in which section C of the standard transmission licence conditions applies."* The Working Group agreed that using this definition seems to be

			the most appropriate method as it effectively uses the same words as contained within the CUSC definition.
Opus Energy Ltd and Haven Power	Non-confidential	Yes. In line with the specified rationale during Workgroup discussions.	Noted
Sembcorp Energy UK Limited	Non-confidential	Yes	Noted
SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definitions.	Noted
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".	Noted
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.	The Working Group noted that this respondent agreed and gave their view on the definition for 'Active Power'. The Working Group noted that this respondent recognised that the definition aligns with what is contained within Schedules 17 and 18 of the DCUSA.
Western Power Distribution	Non-confidential	Yes as they all refer to other codes or is the commonly understood meaning	Noted

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.	Noted Working Group will consider this respondents comments about the premise of the change when reviewing responses to question 10 below.
Flexible Generation Group	Non-confidential	Yes and we welcome the alignment to other documents so if one changes the DCUSA changes to,	Noted

Overall Statement:
It was noted that all thirteen respondents agreed with the Working Groups proposed definitions for 'Ancillary Service' and 'Reactive Energy' and eleven of the thirteen respondents agreed with the Working Groups proposed definitions for 'Balancing Service' and 'Active Power'.
Three respondents questioned two specific definitions, being 'Balancing Service' and 'Active Power' and these suggestions were given further consideration by the Working Group (see below):

Active Power (ENWL and NGESO)
There were two suggestions related to the definition for 'Active Power', with one respondent believing it should aligned to Balancing and Settlement Code (Section X, Annex X specifically) which states: *"means the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof, that is: 1000 Watts = 1 kW 1000 kW = 1 MW"* and the other believing it should be aligned to the CUSC, which 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"*

Balancing Services (NPg and NGESO)
There were two suggestions related to the definition for 'Balancing Services', with one respondent believing the reference to 'Transmission License' should be updated in the DCUSA to 'National Electricity Transmission System Operator Licence' and the other believing it 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 had originally been drafted.

Working Group Conclusion
The Working Group agreed that the definition of 'Active Power' is to remain as was consulted on, and will include additional rationale within the Change Report to explain this.
The Working Group agreed that the definition of 'Balancing Services' is to be amended to "has the meaning to that term in the National Electricity Transmission System Operator Licence" whichTransmission Licence as per comments

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	Noted
EDF Energy	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.	Noted
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.	Noted
National Grid Electricity System Operator	Non-confidential	Yes we would agree with this definition.	Noted
Northern Powergrid	Non-confidential	Yes, we are comfortable that the Working Group has appropriately defined the term Eligible Services.	Noted
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.	Noted
Sembcorp Energy UK Limited	Non-confidential	Yes, it aligns with the CUSC definition as closely as possible, whilst being appropriate for the DCUSA	Noted
SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definition of 'Eligible Services'	Noted
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	Noted

		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.	Noted
Western Power Distribution	Non-confidential	Yes	Noted
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.	Noted Working Group will consider this respondents comments about the premise of the change when reviewing responses to question 10 below.
Flexible Generation Group	Non-confidential	Yes – the definitions seem to pick up on both ESO and DSO procured ancillary and balancing services.	Noted

Overall statement:
The Working Group noted that all respondents to the consultation agreed with the Working Group's proposed definition of 'Eligible Services', with respondents generally being of the view that it aligns with the CUSC definition as closely as possible, whilst being appropriate for the DCUSA. The Working Group also noted that one respondent indicated that they did not agree with the premise of the proposal in general and this comment is given further consideration under question 10 below.

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	Noted

EDF Energy	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.	Noted
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.	Noted
National Grid Electricity System Operator	Non-confidential	Yes we agree with this definition.	Noted
Northern Powergrid	Non-confidential	Yes, we are comfortable that the Working Group has appropriately defined the term Eligible Services Facility.	Noted
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).	Noted
Sembcorp Energy UK Limited	Non-confidential	Yes, as it aligns with the CUSC definition	Noted
SP Energy Networks	Non-confidential	We support the view of the Working Group for the proposed definition of 'Eligible Services Facility'	Noted
SSEN	Non-confidential	Yes. As above (4).	Noted
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.	Noted
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.	Noted
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.	Noted

			Working Group will consider this respondents comments about the premise of the change when reviewing responses to question 10 below.
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.	Noted

Overall Statement:
The Working Group noted that all respondents to the consultation agreed with the Working Group's proposed definition of 'Eligible Services Facility', with respondents generally being of the view that it aligns with the CUSC definition as closely as possible, whilst being appropriate for the DCUSA. The Working Group also noted that one respondent indicated that they did not agree with the premise of the proposal in general and this comment is given further consideration under question 10 below.

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/	Noted
EDF Energy	Confidential	No	Noted
Electricity North West	Non-confidential	The definitions for 'Eligible Services' states there will not be any 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.	The Working Group discussed this respondents' comments and noted that the definition they proposed for 'Eligible Services' was based on the approved CUSC definition. Therefore, the Working Group are of the view that any move away from the definition that was approved in the CUSC will result in a divergence between CUSC and DCUSA. The respondent could raise a change to both codes, should they believe one is necessary.

National Grid Electricity System Operator	Non-confidential	Nothing in addition to our comments in Q3.	Noted
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.	The Working Group discussed this respondents' comments and noted that the second B should be (ii). In discussing this comment, the Working Group considered a suggestion to include. ";and in addition to either a) or b)". However, it was agreed to pick this up when considering further legal text amendments when responding to Question 10 below.
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	The Working Group discussed this respondents' comments and noted that their view is that this is out of scope and should be subject to a separate Change Proposal.

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).	The Working Group noted the concern over date which has now lapsed. However, it was agreed to pick this up when considering further legal text amendments when responding to Question 10 below (respondent incorrectly stated Question 9).
SP Energy Networks	Non-confidential	No Comments	Noted
SSEN	Non-confidential	No	Noted
UK Power Networks	Non-confidential	No we are comfortable with the legal text as drafted.	Noted
Western Power Distribution	Non-confidential	No	Noted
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.	The Working Group discussed the concerns raised by this respondent and gave consideration to the below suggestion: is a Single Site a) at which either or both Electricity Storage and/or Electricity Generation occurs (whether the facility(ies) at the site are operating or being commissioned, repaired or decommissioned), and that

			has an export MPAN and an import MPAN with associated metering equipment which only measures export from Electricity Storage and/or Electricity Generation and import for or directly relating to Electricity Storage and/or Electricity Generation (and not export from another source and/or import for another activity); or b) is an Eligible Services Facility; and in addition to either a) or b) either (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 (ii) if registered in CMRS, is subject to certification from the Customer (or its CVA Registrant) that the site meets the

			criteria in paragraph (a) above, which certificate has been provided to the DNO/IDNO Party The Working Group discussed b but deferred agreement on final solution.
Flexible Generation Group	Non-confidential	No	Noted

Overall Statement:
Concern raised over:

- the definition of Eligible Services (ENWL)
- the definition of Non-Final Demand Site (NPg, SSEG) ***Deferred***
- other concerns that may impact the legal text to be considered in Q9 and Q10 (specifically referenced here, but can be facilitated via any question response.

Legal text outcome to be added here

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.	The Working Group noted that this respondent believes that the objectives would be better facilitated but didn't specifically reference any.
EDF Energy	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.	The Working Group noted that this respondent believes that DCUSA

			General Objectives 1 and 2 would be better facilitated.
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.	The Working Group noted that this respondent believes that DCUSA **General Objective 1** would be better facilitated.
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.	The Working Group noted that this respondent believes that DCUSA **General Objectives 1 and 2** would be better facilitated.
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.	The Working Group noted that this respondent believes that DCUSA **General Objectives 2 and 3** would be better facilitated.
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	The Working Group noted that this respondent believes that DCUSA

		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'.	**General Objectives 1 and 2** would be better facilitated.
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.	The Working Group noted that this respondent believes that DCUSA **General Objectives 1 and 2** would be better facilitated.
SP Energy Networks	Non-confidential	We agree with the proposer that DCUSA General Objectives one and two are better facilitated.	The Working Group noted that this respondent believes that DCUSA **General Objectives 1 and 2** would be 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.	The Working Group noted that this respondent believes that DCUSA **General Objective 2** would be better facilitated.
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.	The Working Group noted that this respondent believes that DCUSA **General Objectives 1 and 2** would be better facilitated. It was noted that the respondent incorrectly stated 'charging objectives' rather than 'general objectives' but

			clarified during the review of responses.
Western Power Distribution	Non-confidential	We agree that this has a positive impact on General Objectives 1 and 2	The Working Group noted that this respondent believes that DCUSA **General Objectives 1 and 2** would be better facilitated.
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.	The Working Group noted that this respondent believes that change is neutral with regard to DCUSA General Objectives 1, 3, 4 and 5 and that the change will have a negative impact on General Objective 2. In response, the Working Group note that they appreciate the concerns raised by this respondent but would highlight that this change is only seeking to align the arrangements between such services at transmission as compared to distribution and that at transmission, the changes have only recently been approved by the Authority.
Flexible Generation Group	Non-confidential	Yes – this better fulfils the objective to facilitate effective competition.	The Working Group noted that this respondent believes that DCUSA **General Objective 2** would be better facilitated.

Overall Statement:
The majority of respondents agreed that the DCUSA General Objectives would be better facilitated by the implementation of DCP 387.

The majority of respondents also highlighted that they believed that DCUSA General Objectives 1 and/or 2 would be better facilitated and therefore, they agreed with the Proposer of the CP.
At a high level, the following table sets out whether each respondent considered that the proposal better facilitates the DCUSA General Objectives and which they believed to be in scope.

Respondent	General Objective 1	General Objective 2	General Objective 3	General Objective 4	General Objective 5
1.	Maybe	Maybe	Maybe	Maybe	Maybe
2.	Positive	Positive	-	-	-
3.	Positive	-	-	-	-
4.	Positive	Positive	-	-	-
5.	Neutral	Positive	Positive	Neutral	Neutral
6.	Positive	Positive	-	-	-
7.	Positive	Positive	-	-	-
8.	Positive	Positive	-	-	-
9.	-	Positive	-	-	-
10.	Positive	Positive	-	-	-
11.	Positive	Positive	-	-	-
12.	Neutral	Negative	Neutral	Neutral	Neutral
13.	-	Positive	-	-	-

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	Noted
EDF Energy	Confidential	Seeks to capture of wider audience of non-final demand customers under the TCR.	Noted
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.	Noted
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.	Noted Noted and that this would be subject to a change at the appropriate time

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

Overall Statement:
The Working Group noted that only one respondent provided a comment with respect to wider industry developments and that the respondent stated 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). The respondent noted that, the definition of 'Eligible Services' may need to be expanded to incorporate other types of services if/when CUSC modifications do the same.

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.	The Working Group noted that this respondent believes the **next available release** is the most appropriate implementation date.
EDF Energy	Confidential	April 2023	The Working Group noted that this respondent believes the **April 2023 release** is the most appropriate implementation date.
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.	The Working Group noted that this respondent believes the **April 2022 release** is the most appropriate implementation date.
National Grid Electricity System Operator	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 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.	The Working Group noted that this respondent believes that the most appropriate implementation date is **as soon as possible after a decision.**
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).	The Working Group noted that this respondent believes that the most appropriate implementation date is **the first release after a decision.**
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:	The Working Group noted that this respondent believes the **April 2022 release** is the most appropriate implementation date.

		• *'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.	The Working Group noted that this respondent believes that the most appropriate implementation date is **as soon as possible after a decision and no later than 2023.**
SP Energy Networks	Non-confidential	01 April 2022	The Working Group noted that this respondent believes the **April 2022 release** is the most appropriate implementation date.
SSEN	Non-confidential	1 April 2022.	The Working Group noted that this respondent believes the **April 2022 release** is the most appropriate implementation date.
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.	The Working Group noted that this respondent believes that the most appropriate implementation date is **as soon as possible after a decision.**
Western Power Distribution	Non-confidential	We agree with the Working Group that this should be applied from 1st April 2022	The Working Group noted that this respondent believes the **April**

			2022 release is the most appropriate implementation date.
SSE Generation	Non-confidential	We have no comment.	Noted.
Flexible Generation Group	Non-confidential	This should be implemented as soon as possible.	The Working Group noted that this respondent believes that the most appropriate implementation date is **as soon as possible after a decision.**

Overall statement:
The Working Group noted that there were mixed responses to this question, and these are set out below:

- **Two** in favour of the **next available release after a decision.**
- **Four** in favour of **as soon as possible after a decision.**
- **Five** in favour of **April 2022.**
- **One** in favour of **April 2023.**
- **One** who did not provide a comment.

The Working Group agreed to defer their decision on the proposed implementation date until after their review of responses to question 10 below.

Company	Confidential/ Anonymous	10. Do you have any further comments on DCP 387?	Working Group Comment
E.ON/Npower	Non-confidential	No	Noted
EDF Energy	Confidential	No	Noted
Electricity North West	Non-confidential	No further comments to add.	Noted
National Grid Electricity	Non-confidential	Not at this time.	Noted

System Operator			
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.	For discussion, the date will have lapsed and certainly changes to accommodate eligible services can be made. Working group to discuss suggested scope to include all other non demand sites Draft strawman below for inclusion of eligible services. **Suggested amendment to the legal text for consideration** *5.1 Subject to Paragraph 5.3 and Paragraph 5.4, 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.* *5.2 Subject to Paragraph 5.3, a DNO/IDNO Party shall no longer treat a Single Site as a Non-Final Demand Site (and shall re-classify it as a Final Demand Site) if the DNO/IDNO Party has not, by 31 July 2021, been provided with the certification necessary to satisfy the definition of a Non-Final Demand Site.* *5.3 Where Paragraph 5.1 or 5.2 applies, the DNO/IDNO Party will notify the relevant Customer's import/export Registrant(s) of the re-classification*

			and the new charging band by 31 August 2021. A Customer, its Registrant or an agent authorised to act on the Customer's behalf (in each such case, the 'appointed agent') can challenge the new charging band by notifying the DNO/IDNO Party of such challenge by no later than 30 September 2021. Where a DNO/IDNO Party and the Customer (or its appointed agent) cannot come to an agreement with respect to the new charging band by 31 October 2021, then the charging band determined by the DNO/IDNO Party shall be used (subject to Paragraph 6 and/or Paragraph 7). *On the second point* *5.4 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 [at any time] has been notified that the Single Site is an Eligible Services Facility and has been provided with the certification necessary to satisfy the definition of a Non-Final Demand Site.* *5.5 Where Paragraph 5.4 applies the:* • *DNO/IDNO Party will notify the relevant Customer's import/export Registrant(s) of the re-classification [by the end of the following month];* • *reclassification shall apply from the next billing period; and* • *the Registrant may be eligible for a rebate (which shall be backdated to the time when the request was received, up to a maximum of six years (five years in Scotland).*

Opus Energy Ltd and Haven Power	Non-confidential	Not at this time.	Noted
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.	Refer to response to NPg above
SP Energy Networks	Non-confidential	No further comments	Noted
SSEN	Non-confidential	No	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	No	Noted
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.	For discussion – first para covered during earlier discussion

		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.	Concern relates to potential unintended consequences in the future. It was noted that the concern raised is wider than the scope of this change.
Flexible Generation Group	Non-confidential	No	Noted