

DCP 389 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
Haven Power and Opus Energy Ltd	Non-confidential	Yes.	Noted
Northern Powergrid	Non-confidential	Yes.	Noted
ScottishPower Energy Retail Ltd	Non-confidential	Yes	Noted
Sembcorp Energy UK	Non-confidential	Yes	Noted
SP Energy Networks	Non-confidential	SPEN understand the intent of this 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
Overall statement: <u>The Working Group noted that all twelve respondents to the consultation confirmed that they understood the intent of the CP.</u>			

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Company	Confidential/ Anonymous	2. Are you supportive of the principles that support this CP, which is to address two distinct items being (i) to clarify the circumstances in which the exceptional circumstances set out in paragraph six of DCUSA Schedule 32 apply; and (ii) to introduce a process to review the allocation of 'new' sites, including where no data was available when allocating existing sites?	Working Group Comments
E.ON/Npower	Non-confidential	Yes	Noted
EDF Energy	Non-confidential	Yes	Noted
Electricity North West	Non-confidential	<p>For item (i) we are in agreement with the principle of clarifying the circumstances that will be applied.</p> <p>For item (ii) we are not convinced it is valid to allocate a site to a band based on data for a different timeframe than the timeframe used for the banding exercise. For example, the annual consumption of a site maybe greatly suppressed by the impact of the Covid-19 pandemic, extreme weather or similar events which would result in a lower banding allocation. However, such events could affect all sites on a national basis which would result in different banding boundaries. Therefore, the new sites would not be allocated properly into a band based on their annual consumption percentile, compared to sites as a whole.</p>	<p>LW: Can't determine if EAC reflects pre- or post-COVID. They're volatile. We can't reasonably try to weather correct, or e.g. only pick periods where the weather was the same. Timeframe already different to banding: banding was spot MIC. Note but I don't believe valid and certainly not justification not to attempt to allocate a site based on actual data.</p> <p>WG: <u>WG notes the comments related to part (ii) and also note the change in EAC values during the Covid-19 pandemic utilised under rules introduced via the BSC. However, the process isn't seeking to weather correct or account for circumstances such as the pandemic but it is only</u></p>

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			<p><u>seeking to utilise actual data (although still EACs) in place of estimated data.</u></p> <p><u>This comment is less applicable to sites which have been banded based on a MIC</u></p>
Haven Power and Opus Energy Ltd	Non-confidential	Yes.	Noted
Northern Powergrid	Non-confidential	Yes.	Noted
ScottishPower Energy Retail Ltd	Non-confidential	Yes	Noted
Sembcorp Energy UK	Non-confidential	Yes, although not all exceptional circumstances have been addressed. For instance, if a Site changes from Final Demand to non-Final Demand, with the appropriate Declaration, it is not clear that would allow a change of band (i.e. to no band). The change seems dependant on a change in MIC, not a change in use more generally.	<p><u>WG:</u></p> <p><u>The WG note that the provisions for Non-Final Demand Sites is out of scope of this change. It was suggested that such a change should be picked upNeeds via another DCP, as I've been saying.</u></p> <p><u>LW:</u></p> <p>NFD is not an 'exceptional circumstance'. As it stands, the deadline (31 July) has passed, but it should be an enduring ability to be certified.</p>
SP Energy Networks	Non-confidential	Yes SPEN are supportive of the principles to address the two distinct items.	<u>Noted</u>
SSEN	Non-confidential	Yes.	<u>Noted</u>

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UK Power Networks	Non-confidential	Yes	Noted
Western Power Distribution	Non-confidential	Yes	Noted
SSE Generation	Non-confidential	Yes, we are.	Noted
<p>Overall Statement: Of the twelve respondents, eleven were fully supportive of the principles behind the need for the CP, with the remaining respondent indicating support for the first item the CP seeks to address but noted that they were unconvinced second item the CP seeks to address. The respondent provided the following comment:</p> <ul style="list-style-type: none"> <i>“For item (ii) we are not convinced it is valid to allocate a site to a band based on data for a different timeframe than the timeframe used for the banding exercise. For example, the annual consumption of a site maybe greatly suppressed by the impact of the Covid-19 pandemic, extreme weather or similar events which would result in a lower banding allocation. However, such events could affect all sites on a national basis which would result in different banding boundaries. Therefore, the new sites would not be allocated properly into a band based on their annual consumption percentile, compared to sites as a whole. The Working Group noted the comments related to part (ii) and also noted the change in EAC values during the Covid-19 pandemic utilised under rules introduced via the BSC. The Working Group highlighted that the process being created isn’t seeking to weather correct data or account for circumstances such as the pandemic and is only seeking to utilise actual data (although still EAC values) in place of estimated data. It was also noted that the respondent’s comment is less applicable to sites which have been banded based on a MIC</i> 			

Company	Confidential/ Anonymous	3. Do you believe that the proposed solution related to the clarification to the provisions for ‘Exceptional Circumstances’ is appropriate for what DCP 389 is seeking to achieve? Please provide your rationale for your response.	Working Group Comments
E.ON/Npower	Non-confidential	<p>We support the clarifications proposed to the exceptional circumstances criteria, we believe that this is appropriate because some customers may have made changes to their site within the 24 months of data used for the original residual banding allocation, however as that was based on averaging the initial banding allocation to a residual charging band has resulted in different treatment when compared to a customers who made changes after the initial residual banding allocation was performed.</p> <p>We do not believe this a fair and reasonable outcome to non-domestic consumers overall as the residual charging banding process should ensure fair and equal treatment</p>	Noted that this respondent believes that the proposed solution related to the clarification to the provisions for ‘Exceptional Circumstances’ is appropriate for what DCP 389 is seeking to achieve and provided some useful rationale.

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		regardless of the point in time a change to the sites configuration is carried out, therefore we believe that the change proposed will address the distortion in approach to the residual charge allocation and ensure a fair and consistent approach to all non-domestic consumers residual charge allocation..	
EDF Energy	Non-confidential	Yes, prevent gaming of the band system as part of the TCR implementation and to clarify new site additions with respect to TCR.	<u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve</u>
Electricity North West	Non-confidential	We believe it would be most appropriate to calculate the percentage increase or decrease from the 24-month average value <u>used in the banding exercise</u> rather than the MIC <u>at the time of the banding exercise</u> . This ensures treatment of sites with a MIC is consistent with sites allocated to a band based on consumption volume. Also, it seems more logical to calculate the percentage movement in MIC based on the value that was actually <u>used in the banding exercise</u> .	<u>LW:</u> Completely disagree per the basis of DCP389. MIC is not consistent with consumption – EAC used (spot, and not actual). Banding different to allocation (MIC was spot reference in August 2020, where 24 month average should have been used in allocation). Not sure if ENW prefer comparing to the average used or that used in the banding.
Haven Power and Opus Energy Ltd	Non-confidential	Yes. We believe that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve. The exceptional circumstances in paragraph 6 of Schedule 32 will benefit from the additional clarity that a change in use of a Final Demand Site must have happened after the Final Demand Site has been allocated to a charging band.	<u>Noted that this respondent was supportive of the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' and provided some useful rationale.</u>

Commented [DT1]: ACTION to clarify with ENWL about exactly which process they are referring to

Commented [DT2R1]: DT to confirm (WG meeting 04)

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		<p>This additional clarity will reduce resource requirements to deal with requests to reallocate Final Demand Sites, including potential disputes, as it will be clearer when the exceptional circumstances apply.</p> <p>In addition, replacing the requirement to compare a change in Maximum Import Capacity (MIC) to the average MIC with a comparison to the MIC at the time that Final Demand Site was allocated, improves transparency by replacing the comparison to an unpublished average calculated by the DNO/IDNO Party. It also prevents gaming opportunities where otherwise, a minor change in MIC may trigger the materiality test.</p>	
Northern Powergrid	Non-confidential	<p>Yes. The additional clarity will provide transparency that the 'exceptional circumstances' apply only when there has been a 'change' at a site since that site was allocated to a residual charging band (subject to materiality). This is in line with policy intent, as confirmed to us by Ofgem.</p> <p>Further, changing the materiality test for sites with a Maximum Import Capacity (MIC) – from a comparison to the average MIC used to allocate the site to a charging band, to the MIC held at the time the site was allocated – will remove a potential loophole where the materiality test can be satisfied despite a minor change to the MIC itself.</p>	<p><u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve and provided some useful rationale.</u></p>
ScottishPower Energy Retail Ltd	Non-confidential	Yes	<p><u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve</u></p>
Sembcorp Energy UK	Non-confidential	It does not address what exceptional circumstance would allow a site to move from a Final Demand band to be Non-Final Demand, with appropriate Declaration.	<p><u>The WG note that the provisions for Non-Final Demand Sites are out of scope of this change. It was suggested that such a change should be picked up via another DCP.</u></p> <p><u>LW:</u></p>

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			Out of scope – see earlier comment.
SP Energy Networks	Non-confidential	SPEN agree with the proposed solution put forward by the Proposer.	<u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve</u>
SSEN	Non-confidential	We do accept that the proposed solution does achieve greater clarification for 'Exceptional Circumstances'. However, we believe that indicating that changes must have taken place after the initial banding occurred is potentially putting customers at a disadvantage. Especially those customers that reduced their MIC during the initial banding period but were not aware that if they were to delay this change to after October 2020, they would qualify for these 'Exceptional Circumstances' and thus be allocated to a lower band. We appreciate that the proposed solution is likely to benefit those customers who opted to increase their MIC during the initial banding period, as they would not qualify for these 'Exceptional Circumstances' and would not be allocated to a higher band. However, our interpretation is that these customers have increased their MIC on good faith, for genuine reasons, and would expect to incur higher costs for increasing their MIC. Likewise, customers who had reduced their MIC in good faith would expect to see a reduction in charges. Retrospectively implementing an arbitrary time frame where any fundamental changes to a customer's site are deemed irrelevant is potentially unfair when customers were not forewarned this would be the case.	LWG: Accepted but this was Ofgem's policy decision. The changes during the averaging period may not have been something that could have been delayed – and as noted in DCP389, some customers have benefitted from it e.g. increased their MIC but been allocated to a lower charging band through the use of an average. The use of an average creates winners and losers, and this was the policy decision. A change in capacity charges is irrelevant – it comes with every change in MIC. I don't think we're retrospectively implementing anything. DCP389 is seeking to remove an arbitrary retrospective 'change window'.

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			<p>Nobody was forewarned that the data over the 24 months to Q4 2020 would be used to band and allocate.</p> <p>They have now been forewarned that changes can impact banding, up or down.</p>
UK Power Networks	Non-confidential	Yes, we feel that the proposal put forward addresses the issue which this change is looking to address.	<p><u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve</u></p>
Western Power Distribution	Non-confidential	Yes	<p><u>Noted that this respondent believes that the proposed solution related to the clarification to the provisions for 'Exceptional Circumstances' is appropriate for what DCP 389 is seeking to achieve</u></p>
SSE Generation	Non-confidential	<p>Our main concern is about one element of the proposed solution, namely around the way a revised residual band appears to be allocated following an application's passing of the materiality test. We explain this towards the end of this section.</p> <p><i>Case for change and proposed solution</i></p> <p>We understand that the reasons for the proposed changes to these provisions are that the proposer is having to deal with considerable number of residual banding re-allocation requests, and disputes resulting from these, which the proposal is meant to address by clarifying the process. We also understand that the proposer considers that</p>	<p><u>LW:</u></p> <p>DCP389 is not about impact on resource i.e. volume of requests. It is to ensure that policy decisions are clearly and consistently applied (plus the reallocation review). NFD certification has been a volume concern. DCP389 is about efficiency.</p>

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		<p>the materiality test as it stands could result in unintended consequences in terms of banding re-allocations based on the 'Exceptional Circumstances' process.</p> <p>Greater clarity is to be achieved by</p> <ul style="list-style-type: none"> (i) including the explicit requirement that a change in circumstances at a Final Demand Site must have happened <i>after</i> that Final Demand Site has been allocated to a charging band (i.e. the provision is different to that of section 7. for resolving disputes); and (ii) amending the materiality test (>50% increase or decrease) for Final Demand Sites with a Maximum Import Capacity (MIC) to be relative to the MIC held at the time that Final Demand Site is allocated to a charging band (as opposed to the average MIC over 24 or 12 months). <p><i>Our view</i></p> <p>With regard to item (i), we agree with the intent, and we agree that the legal text change at Schedule 32, paragraph 6.1 (b) is appropriate.</p> <p>With regard to item (ii), our understanding is that the proposed change could reduce the possibility that relatively small changes to a site's MIC (<i>after</i> the initial banding allocation) could pass the materiality test, triggering a banding review without material change to the MIC, and thereby undermining the TCR's policy intent. We agree with the intent, and we agree that the legal text changes at paragraph 6.3 are appropriate.</p> <p><u>Concerns</u></p> <p>However, having reviewed the examples provided in Attachment 4 of this consultation, we have concerns about the re-allocation of the residual band once the materiality test has been passed under the proposed revised approach. In examples 4, 5 and 8, it appears that new bands have been allocated based solely on the new MIC, and at the time of the MIC change (Jan '21), rather than the most recent 24 (or 12) months average, as set out in paragraph 4.1 of Schedule 32. We consider that despite having passed the proposed materiality test, none of these sites should have been re-banded, if they applied shortly after their MIC change, as their most recent 24 (or 12) month average MIC would not have placed them in a different band at that point in time. If our observation is right, then, even if a site passes the materiality test (be it under the current or the proposed approach), if the Exceptional Circumstances review takes place quite soon after the site's change to the most recent actual MIC, in many cases, it seems unlikely that this would change the 24 (or 12) month average MIC sufficiently to</p>	<p>Re concerns: The appreciate the concern being raised but note that this is what happens now under the exceptional circumstances i.e. the new charging band is based on the revised data only and not an average. It wouldn't be fair to recalculate the average and not reallocate in potentially most circumstances. Again, there would be winners and losers. This is in line with policy intent and what was ultimately approved by the Authority (without ambiguity).</p>
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Commented [DT3]: Attempts to be made to add clarity in order to address the concern raised

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		result in a banding change. This might moderate the number of applications, as sites will need to build up sufficient time operating at the revised MIC to materially affect their average MIC.	
<p><u>WG Overall view:</u></p> <p><u>Majority support the intended approach, with minority still having concerns</u></p>			

Company	Confidential/ Anonymous	4. Are you comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test as for 'Exceptional Circumstances' for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than $\pm 50\%$ of the assumption used to allocate the Final Demand Site initially)? Please provide your rationale for your response.	Working Group Comments
E.ON/Npower	Non-confidential	<p>We are both comfortable and supportive of the intent to retain the existing materiality test of +/- 50% for the annual allocation review for new sites connecting to distribution networks.</p> <p>We believe that sites connecting that are required to set a MIC upfront as part of the connection application process so are less likely to set inaccurate capacity requirements within the new connections process as they are better enabled to calculate the maximum load requirements based on the plant and apparatus to be connected and require loads behind the connection point, with these requirements the destitution business is also better placed to install to meet the customers future load requirements. Agreeing a supply capacity is also required because it's a chargeable item in the DUoS bill which in itself incentivises the new connection to set the capacity level appropriate to a sites intended use of the network so should mean fewer changes being triggered in an annual allocation review as the connection is provided based on electrical load requirements specific to the sites intended use of the network.</p> <p>Setting an accurate annual consumption level upfront within the connection application process has a greater margin for error. Whilst we perceive that a reasonable estimate</p>	<p>LW:</p> <p>Agree less likely to apply to MIC sites, but some have been allocated based on an assumption all the same. Could consider that an average of 24 months actual data used, but this could penalise (or extend the benefits of) sites allocated based on no data for longer.</p>

Commented [DT4]: ACTIONS:
DT to summarise the options following the consultation
WG: to consider these ahead of next meeting

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		<p>of annual consumption could be calculated and provided for annual allocation review purposes, new connecting sites are more likely to have periods of time where its electricity consumption is lower than the ongoing intended consumption of a site e.g. building work for fitting out the site before opening for business. When considering the residual banding consumption thresholds (+/- 50%) only acts as a trigger it does not always mean a change of the residual banding allocated happens. Whilst it's likely that the 1st years annual consumption will be different to future years the materiality consumption test does mean only large erroneous errors are not unduly penalised or benefiting through the cost allocations until the next price control.</p> <p>As such we feel it is a reasonable approach overall because of the limitations of site consumption data availability to distributors today, however there is reason to consider the use of better consumption data information within the annual allocation review should DNO's receive HH consumption data for these customers in the future.</p>	
EDF Energy	Non-confidential	Yes	<p><u>Noted that this respondent was comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than ±50% of the assumption used to allocate the Final Demand Site initially)</u></p>
Electricity North West	Non-confidential	Yes, because we are not aware of any evidence to support a change to this value. We feel the working group should consider whether this should be '50% or more' rather than 'more than 50%'.	<p><u>The Working Group note that this suggestion would be different to that which is currently applied and therefore are not looking to take this forward.</u></p>
Haven Power and Opus Energy Ltd	Non-confidential	Yes. We are comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test as for 'Exceptional Circumstances' for the 'Annual Allocation Review'.	<p><u>Noted that this respondent was comfortable with the proposal to</u></p>

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		<p>We see no reason to change the $\pm 50\%$ materiality test which was chosen following a thorough analysis during the earlier TCR work.</p>	<p><u>apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than $\pm 50\%$ of the assumption used to allocate the Final Demand Site initially)</u></p>
Northern Powergrid	Non-confidential	<p>No. As noted within the consultation, and as Proposer, the reason we included the need to satisfy a materiality test in the proposed legal text (submitted with the Change Proposal) was to align with the solution proposed for transmission-connected Final Demand Sites in Connection and Use of System Code (CUSC) modification proposal 336 'Transmission Demand Residual, billing and consequential changes to CUSC' (CMP336, specifically Workgroup Alternative CUSC Modification Proposal (WACM) 1); which is currently with the Authority for decision.</p> <p>However, that does not mean the CMP336 WACM1 is 'right' and nor does it recognise the difference between transmission and distribution-connected sites. The existing 'exceptional circumstances' materiality test cannot be fairly applied to 'new' sites, given the change in MIC/annual consumption would be compared to an assumption used to allocate it, as opposed to actual data. Further, the proposed test (in DCP389) for MIC sites (i.e. comparing the current MIC to the MIC held at the time of allocation) cannot work either, otherwise the site would not be eligible for the Annual Allocation Review given it would have had actual data available and therefore should not have been allocated based on an assumption.</p> <p>We consider there to be two options that the Working Group should consider:</p> <ol style="list-style-type: none"> 1. No materiality test is applied; the Final Demand Site would be reallocated to a different charging band if the 'actual' data supported it (i.e. it may align with an assumption used given banding is subject to a range); or 	

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		<p>2. The existing materiality test is applied in principle but with a reduced threshold (i.e. comparing to the average used, but where e.g. the difference needs to be less than 50%, say 20%).</p> <p>The Working Group should consider both options. We believe there is merit in the second option (a reduced threshold), to mitigate the number of changes that may need to be processed, and to avoid a situation where sites that are eligible for the Annual Allocation Review have an opportunity to manage behaviour for a limited time in pursuit of allocation to a charging band with a lower residual charge. Whereas other sites were allocated to a charging band based on historical data which, at the time, had no bearing on residual fixed charges; therefore they were not incentivised by residual charges to change behaviour.</p>	
ScottishPower Energy Retail Ltd	Non-confidential	<p>We have concerns that the 50% threshold is too arbitrary. Customers can be penalised due to something outwith their control but we recognise the risk of too many, frivolous, requests. We would have preferred Ofgem to review the process to make sure businesses starting back following the pandemic are not treated unfairly.</p>	<p><u>Noted that this respondent had concerns with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than ±50% of the assumption used to allocate the Final Demand Site initially)</u></p>
Sembcorp Energy UK	Non-confidential	<p>Yes, if the Site is remaining as Final Demand. This is in line with exceptional circumstances as defined in the CUSC.</p>	<p><u>Noted that this respondent was comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than ±50% of the assumption used to allocate the Final Demand Site initially)</u></p>

Commented [DT5]: Points for consideration

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SP Energy Networks	Non-confidential	Yes SPEN are comfortable with the proposal to apply the existing materiality test as for 'Exceptional Circumstances' for the 'Annual Allocation Review'.	<u>Noted that this respondent was comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than $\pm 50\%$ of the assumption used to allocate the Final Demand Site initially)</u>
SSEN	Non-confidential	As our understanding is the Annual Allocation Review will only apply to customers where only incomplete/no data is available we are happy to accept this proposal.	<u>Noted that this respondent was comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than $\pm 50\%$ of the assumption used to allocate the Final Demand Site initially)</u>
UK Power Networks	Non-confidential	Yes we feel that this materiality test and the associated thresholds are appropriate, and ensures that there is an appropriate criteria which must be met before any review is considered, however as noted in response to Q5 we believe that a 'periodic' review conducted at least annually would be more appropriate.	<u>Noted that this respondent was comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than $\pm 50\%$ of the assumption used to allocate the Final Demand Site initially) and also that the review should be</u>

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			conducted via a periodic process rather than as proposed
Western Power Distribution	Non-confidential	<p>WPD disagree with the materiality threshold of + or minus 50% being required for the re-allocation as the bands for these sites may have been set on incomplete data.</p> <p>Our preference is for new sites to be allocated to a new banding based on the latest actual MIC/EAC.</p>	<p>Noted that this respondent was not comfortable with the proposal to apply the existing (i.e. pre-DCP 389) materiality test for the 'Annual Allocation Review' (i.e. the change in MIC/annual consumption must be greater than ±50% of the assumption used to allocate the Final Demand Site initially) and that new sites should be re-allocated based on latest actual MIC/EAC</p>
SSE Generation	Non-confidential	<p>We note that for the materiality test for the 'Annual Allocation Review', it is proposed that the actual MIC or consumption data (once available) should be compared with the MIC and/or consumption "which was used for the purposes of the allocation to the Old Charging Band".</p> <p>This is in contrast to the proposed change in the materiality test for 'Exceptional Circumstances', whereby the revised MIC should be compared with the MIC of the site "at the time it was allocated to a charging band".</p> <p>Based on our understanding of the two definitions, we agree that for the 'Annual Allocation Review' of 'new' sites (including those allocated based on no recorded data), the existing materiality test is more appropriate than the proposed revised test for 'Exceptional Circumstances'. For the latter, a history of actual MIC data is required to identify the MIC of the site "at the time it was allocated to a charging band", but this is neither available nor required for the former.</p> <p>However, we consider that the definitions of the version of the MIC to be used in the materiality tests for 'Exceptional Circumstances' and for the 'annual Allocation Review'</p>	<p>Working Group agreed to pick up in review of responses to Queastion 6</p>

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		could be clearer and more distinct from each other than they currently are, and we would welcome a review of the legal wording to avoid confusion.	
<u>WG will need to determine approach considering</u>			

Company	Confidential/ Anonymous	5. Do you believe the proposed solution, which broadly mirrors that of CMP336 WACM1 and is related to the introduction of an allocation review for 'new' sites (including existing sites with no data, is appropriate for what DCP 389 is seeking to achieve? Please provide your rationale for your response.	Working Group Comments
E.ON/Npower	Non-confidential	We believe the merits of CMP336 WACM1 are more appropriate for distribution connected sites as it assures fair and reasonable treatment for new sites with no historic data, as it is unreasonable for such sites to be placed in default residual banding until the next price control period.	<u>Noted - Supportive</u>
EDF Energy	Non-confidential	Yes, this would help suppliers with accurately banding customers where actual data is available.	<u>Noted - Supportive</u>
Electricity North West	Non-confidential	We believe there to be differences between this change proposal and CMP336 WACM1, but this is probably appropriate given the differences between transmission and distribution system customers. We believe the solutions are broadly aligned.	<u>Noted - Supportive</u>
Haven Power and Opus Energy Ltd	Non-confidential	Yes. We believe the proposed solution (which mirrors CMP 336 WACM1) is appropriate for what DCP 389 is seeking to achieve. This will ensure that Final Demand sites are properly allocated to bands and that the DCUSA and CUSC are aligned.	<u>Noted - Supportive</u>
Northern Powergrid	Non-confidential	Yes, albeit subject to revised materiality testing as noted in response to question 4. We do not consider it appropriate to retain the status quo (i.e. no arrangements to review the allocation of 'new' sites), nor do we consider the other proposal set out in CMP336 WACM2 (i.e. a user self-reporting approach) to be appropriate.	<u>Noted – Supportive and have picked up the other comments in response to other questions.</u>

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		<p>To facilitate competition, it is right that Final Demand Sites are allocated based on 'actual' data, therefore no change is not desired. Given the differences between transmission and distribution connections, primarily in the number of Final Demand Sites, a user self-reporting approach is not feasible and could result in gaming and/or errors resulting in distortions in terms of how much residual customers pay.</p> <p>If the Authority approves CMP336 WACM2, or the original proposal (i.e. no review of 'new' sites), then we consider that DCP389, as proposed, would still be the 'right' thing to do for customers and ultimately it is for the Authority to decide as to whether different arrangements (between transmission and distribution) are justified or not.</p>	
ScottishPower Energy Retail Ltd	Non-confidential	<p>Do not agree with the plan to allow backdated amendments of 5 or 6 years if the supplier is expected to carry out the refund. Any refunds / additional charges should be made by the DNO directly to the customer. This avoids issues with changes of supplier or contract and also reduces the administrative burden on suppliers.</p>	<p>LWG: <u>It was noted that any Rrefund would be by the distributor to the supplier(s), who should then give to the customer. This is in line with refunds for e.g. incorrect LLFC allocations.</u> <u>Further to this, the WG highlighted that DNOs/IDNOs</u> We <u>do not have the relationship with the customer and</u> we have not invoiced the customer and <u>we do not know what the supplier has invoiced the customer, therefore any rebate may be inappropriate e.g. if the supplier contract resulted in lower costs that the distributor levied on the supplier (for that part of the bill anyway).</u> <u>However, the WG took an action to review the paragraphs within the Schedule that relate to backdating charges to ensure</u></p>

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			consistency within the Schedule and across DCP 387
Sembcorp Energy UK	Non-confidential	Yes, it will mean new distribution-connected Sites are treated in a similar fashion and fairly compared to new transmission-connected Sites, should CMP336 be approved.	Noted - Supportive
SP Energy Networks	Non-confidential	SPEN believe that proposed solution, which broadly mirrors that of CMP336 WACM1, is appropriate for what DCP389 is trying to achieve.	Noted - Supportive
SSEN	Non-confidential	For the allocation review of 'new' sites we are comfortable with the proposed solution and believe it does achieve DCP 389's aims.	Noted - Supportive
UK Power Networks	Non-confidential	<p>We believe that having a review to the arrangements that is 'at least annually' rather than just a fixed one off exercise would be more appropriate. DNO parties can undertake a review when an appropriate volume of required data is available. It is likely that the volume of sites to be reviewed could build up to a significant number over a full year and this approach would allow DNOs to undertake this task when they have suitable data available. Taking this approach, there would need to be 'no later than date', which we would suggest as 31 October each year.</p> <p>Clear criteria for any review and the necessary trigger points would be necessary and reflected in the legal text to ensure consistency. For a new MPAN which is NHH a default band is applied, then move to EAC band when data is available. Where the MIC is known for a HH MPAN apply band based on MIC, and only change with other MPANs at price control. For HH MPAN where the MIC is not known band based on default MIC, then moved to MD based band when data available.</p>	<p>LWG: Noted the suggestion for a different approach to be used (i.e., a review that is undertaken 'at least annually') but that DCP389 proposes an annual review but if the timing fluctuates within a year then it risks creating more winners and losers e.g. by (potentially by complete accident) using data that is either in favour or against the customer as opposed to defining the data that will be used i.e. the average of data up to a point in time, which is at least one years' worth. Risks creating significant uncertainty and inconsistent approaches leaving stakeholders confused.</p>

Commented [DT6]: ACTION: to be included on agenda for next meeting

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Western Power Distribution	Non-confidential	Yes	
SSE Generation	Non-confidential	<p>We note references in the consultation document to the allocation review being available "once in a lifetime" of a site, and in the draft legal text, paragraph 6.11, to a review "once only". We would instead be in favour of an allocation review being available once during a banding period (i.e. the relevant price control period).</p> <p>We note that CMP336 is currently with Ofgem for decision, expected by the end of this month (Aug '21), and it is therefore not known whether Ofgem will approve either the Original solution, or one of the two WACMs. Whilst WACM1 is the basis for DCP389, the Original and WACM2 differ from DCP389:</p> <ul style="list-style-type: none"> • The Original provides for a one-off banding allocation only, including for 'new' sites. • WACM1 additionally provides for a one-off banding review for 'new' sites, once sufficient actual consumption data is available. • WACM2 proposes that banding is based on users' self-report expected annual consumption figures. The ESO is to monitor actual consumption and can initiate a banding review if it believes the estimate is +/-50% different from actual consumption. <p>If Ofgem approves the Original or WACM2, then the DCP389 proposal would not be aligned with the CUSC in respect of the process for 'new' sites. We therefore consider that further progress on DCP389 should be slowed down until the outcome of CMP336 is known, and that the DCP389 solution(s) should then be aligned.</p>	<p><u>WLG note the suggestion put forward by this respondent and highlight that :</u> <u>All sites will be reviewed at least once in a period i.e. for the next banding.</u> The "once in a lifetime" point is simply to say <u>we that it will be done do it at the first point where have the requisite data is available to DNOs/IDNOs, and not choose between this and the next year, which may benefit or be detrimental to the customer i.e. which year would be better for it?</u></p> <p><u>The WG also note the comment related to Don't agree that we need to slow down DCP389 so as to await a decision on CMP 336 but do not believe that this is the right approach. The view of the Wg is that -As noted, regardless of what Ofgem do on CMP336, this is right for customers. It is for the Authority to determine whether it can accept differences between CUSC and DCUSA, but we should not hold up making things better</u></p>

Commented [DT7]: ACTION: DT to draw out in Change Report

Commented [DT8]: If agreed, doing something different can be drawn out in CR irrespective of whether decision on 336 has been received

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			just because the Authority takes a long time to do anything — and it may well sit on DCP389 and make a decision at the same time anyway.
DT summarise – WG agreed to progress with approach of WACM1.			

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Company	Confidential/ Anonymous	6. Do you have any comments on the draft legal text for DCP 389?	Working Group Comments
E.ON/Npower	Non-confidential	We are satisfied that the legal text for DCP389 delivers the intention of the proposal.	<u>Noted</u>
EDF Energy	Non-confidential	No	<u>Noted</u>
Electricity North West	Non-confidential	Under 6.3(a) does ‘at the time it was allocated to a charging band’ refer to the last day of the 24-month period or some other date?	<u>LW:</u> It is intended to mean whatever the MIC was at the time of allocation. We could say it needs to compare to the MIC billed in November 2020, but the problem is distributors took different approaches i.e. some refreshed data following the delays in finalising the bands, and some did not. Happy to change the reference point to a fixed period in Q4 2020, which may or may not impact the outcome (i.e. what if a customer changed MIC in October 2020 but the distributor

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			<p>allocation was based on data up to September 2020?).</p> <p>WG reviewed the legal text related to this point and decided the following:</p> <p>(a) _____ for Final Demand Sites within the groups identified in Paragraph 1.5(a), 1.5(b) or 1.5(c), the Maximum Import Capacity and/or consumption at a Final Demand Site must have either increased or decreased by more than 50 percent in comparison to the Maximum Import Capacity of the Final Demand Site as was held at the end of the period for which data was used to allocate the site to a charging band in accordance with paragraph 4.1; and/or</p>
Haven Power and Opus Energy Ltd	Non-confidential	No.	Noted
Northern Powergrid	Non-confidential	<p>A minor amendment is needed to paragraph 6.10 to insert the word ‘and’ between “allocated,” and “the LLFC Id”.</p> <p>This is also subject to change in relation to the application of a materiality threshold, to either:</p> <ol style="list-style-type: none"> 1. remove paragraph 6.9 (noting that amendments would therefore be needed in paragraphs 6.6 to 6.8, which reference paragraph 6.9, and the renumbering of subsequent paragraphs); or 	<p>ACTION: to add this to the legal text</p> <p>Noted but subject to WG decision on use of test or based on actual data</p>

Commented [DT9]: ACTION: tie in with other action to revert to ENWL

Commented [DT10R9]: Now completed (mtg 04)

Commented [DT11]: Action to add suggestion to legal text

Commented [DT12R11]: Completed (mtg 04)

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		2. amend paragraph 6.9 to refer to a new percentage that is deemed appropriate.	
ScottishPower Energy Retail Ltd	Non-confidential	<p>6.12 – we would recommend amendments are forward looking only with at least 1 full months' notice for the supplier (ie via updated LLFC). If the amendment is backdated this should be dealt with by the DNO and the customer and without adjustments to DUoS or customer billing.</p> <p>This written, this is at odds with DCP385 which plans to limit reductions in capacity to forward looking only.</p>	<p>LWG: We note that the change isn't seeking to would not be retrospectively applying a different MIC, therefore generating revised capacity charges, we it would is simply be saying the MIC should have been x and therefore the charging band should have been y, so a credit of z is appropriate. See also earlier comment on rebates.</p>
Sembcorp Energy UK	Non-confidential	No	<u>Noted</u>
SP Energy Networks	Non-confidential	No comments.	<u>Noted</u>
SSEN	Non-confidential	<p>In section 6.3 (a) It is detailed where a Final Demand site has to have increased/decreased their MIC by more than 50% in comparison to the MIC 'at the time it was allocated to a charging band'. We feel this could be expanded upon as it is potentially unclear for a customer reviewing this for the first time. Example 6 within the 'DCP 389 examples' spreadsheet provided to the Working Group gives a clear explanation of what the legal text is trying to infer. Is it the intention that these examples will be published as an appendix to the legal text?</p>	<p>LWG: Noted and agreed to consider whether Do we includinge examples in the DCUSA <u>should be taken forward.</u> if that is what is meant? ACTION: WG-I know there are <u>to consider - provided in spreadsheet and examples in the CUSC and how this might work for the DCUSA.</u> but not so</p>

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			<p>specific to one component of a charge/the workings behind it. As noted, happy to change the MIC reference point to a set point in time in Q4 2020.</p>
UK Power Networks	Non-confidential	<p>Paragraph 6.5 – As stated above we believe it should be an ‘at least annual’ process undertaken no later than 31 October, if this was agreed this paragraph would need to be changed. Taking this approach we believe that the legal text does not need to detail any further dates, as a review would take place as and when the data is available.</p> <p>Paragraph 6.10 – If a review is no longer only taking place on an annual fixed date then the requirement to notify the Supplier(s) by a defined date would also not be required, and could be replaced by an obligation to maintain a single dataset made available on DNO websites and updated throughout the charging year, before being circulated to all DCUSA parties in a final form alongside the charges when published (by the end of December).</p> <p>We do not believe that rebates (paragraph 6.12) are appropriate. Sites will have been allocated based upon either the data we have available at the time or relevant defaults. The allocation of residual charge band is based on historic data and consequently using defaults is an appropriate mechanism. Where the data results in the banding to be revised then this should only be from a future date and not retrospectively applied. The only exception to this would be where the DNO made an error in the banding allocation which it would then be appropriate to retrospectively apply a change to the banding. Correction to charging in these circumstance is already provided for in DCUSA.</p>	<p>WG: noted and covered in response above</p> <p>WG: noted and covered in response above</p> <p>LW: See earlier comment. Difficult to justify not providing rebates in these circumstances and yet be OK elsewhere. Not sure how we could say it was an error or not given it is an assumption that has driven the costs initially.</p> <p>WG: <u>Noted and have agreed to consider the rebate question in further detail and ensure consistency across the Schedule in line with other comments above</u> <u>ACTION: pull comments from SP Retail in previous question above</u></p>

Commented [DT13]: Action as stated

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Western Power Distribution	Non-confidential	Apart from changes to the legal text resulting from our answer to question 4 then no.	Refer back to q4
SSE Generation	Non-confidential	Yes – please see our response to q.4: We consider that the definitions of the version of the MIC to be used in the materiality tests for ‘Exceptional Circumstances’ and for the ‘annual Allocation Review’ could be clearer and more distinct from each other than they currently are, and we would welcome a review of the legal wording to avoid confusion.	Refer back to q4

Company	Confidential/ Anonymous	7. Do you consider that DCP 389 better facilitates the DCUSA Charging Objectives? If so, please detail which of the Charging 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 agree the proposer’s rationale that charging Objectives One, Two & Six better facilitates the DCUSA charging objectives.	1, 2, 6
EDF Energy	Non-confidential	Agree with the objectives in 6.1 of the change proposal documentation, in addition to the wider TCR initiative of minimising distortions.	1, 2, 6
Electricity North West	Non-confidential	As this change proposal seeks to ensure compliance with the Authority’s TCR Decision, we believe DCUSA Charging Objective One would be better facilitated.	1
Haven Power and Opus Energy Ltd	Non-confidential	Yes. We agree with the Proposer that DCP 389 better facilitates DCUSA Charging Objectives 1, 2 and 6. Charging Objective One: is better facilitated by ensuring that the DNOs are compliant with licence requirements in relation to a Significant Code Review (SCR), by properly implementing the intent of the specific requirements set out in the Authority’s TCR decision.	1, 2, 6

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		<p>Charging Objective Two: is better facilitated by ensuring that network costs are recovered fairly from network users and by reducing harmful distortions which impact competition in the market. This is achieved by reviewing the allocation of Final Demand Sites to charging bands once actual data becomes available.</p> <p>Charging Objective Six: is better facilitated by adding clarity to the legal text in line with the intent of the Authority's TCR decision.</p>	
Northern Powergrid	Non-confidential	Yes, as Proposer our view remains that DCUSA Charging Objectives 1, 2 and 6 will be better facilitated, and for the reasons set out in the Change Proposal and consultation.	1, 2, 6
ScottishPower Energy Retail Ltd	Non-confidential		1, 2, 6
Sembcorp Energy UK	Non-confidential	Yes, against Two, as fair cost recovery would remove distortions that would otherwise appear and Yes, against Six, in that it clarifies the treatment of new Sites and exceptional circumstances.	2, 6
SP Energy Networks	Non-confidential	SPEN agree with the proposer that DCUSA Charging Objectives One, Two and Six would be better facilitated.	1, 2, 6
SSEN	Non-confidential	DCP 389 does better facilitate Charging Objectives 1 and 6, it helps DNOs to be compliant with licence requirements as the objectives are set out in increased detail and the legal text has provided further clarity. However, Objective 2 sets out to 'reduce harmful distortions which impact competition in the market', and as per our answer to Question 3 in the Consultation Response we are not certain this has been achieved by the proposed solution in DCP 389.	1, 6 Concern over 2
UK Power Networks	Non-confidential	<p>We believe that Charging Objective One is better facilitated as this change ensures that DNOs are compliant with the licence by fully implementing the Authority's TCR decision.</p> <p>Charging Objective Two is better facilitated by ensuring that network costs are recovered fairly by reducing any harmful distortions.</p>	2, 6

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		Charging Objective Six is better facilitated by adding clarity to the legal text as a result of the Authority’s TCR decision.	
Western Power Distribution	Non-confidential	Yes	<u>Yes (but only generally)</u>
SSE Generation	Non-confidential	We consider that DCP389 better facilitates DCUSA Charging Objectives 1, 2 and 6: 1. DNO obligations – positive impact in the context of the DNOs’ role as residual banding agents. 2. Facilitating competition – positive impact due to improved fairness of residual banding. 6. Efficiency of Charging Methodology – positive due to the improved implementation of the TCR.	<u>1, 2, 6</u>

ACTION: Collate together in table and draw out some for inclusion in CR

Respondent	Charging Objective 1	Charging Objective 2	Charging Objective 3	Charging Objective 4	Charging Objective 5	Charging Objective 6
1.	--	--	--	--	--	
2.	--	--	--	--	--	
3.	--	--	--	--	--	
4.	--	--	--	--	--	
5.	--	--	--	--	--	
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12.	--	--	--	--	--	

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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	<u>Noted</u>
EDF Energy	Non-confidential	None	<u>Noted</u>

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Electricity North West	Non-confidential	No	Noted
Haven Power and Opus Energy Ltd	Non-confidential	No.	Noted
Northern Powergrid	Non-confidential	No.	Noted
ScottishPower Energy Retail Ltd	Non-confidential		Noted
Sembcorp Energy UK	Non-confidential	No	Noted
SP Energy Networks	Non-confidential	SPEN are not aware of any wider industry developments that may impact upon or be impacted by this CP.	Noted
SSEN	Non-confidential	None.	Noted
UK Power Networks	Non-confidential	No	Noted
Western Power Distribution	Non-confidential	No	Noted
SSE Generation	Non-confidential	We refer to the linkages with CMP336 and our response to q.5 above where we stated that if Ofgem approves the Original or WACM2, then the DCP389 proposal would not be aligned with the CUSC in respect of the process for 'new' sites. We therefore consider that further progress on DCP389 should be slowed down until the outcome of CMP336 is known, and that the DCP389 solution(s) should then be aligned.	Noted and responded to earlier response
<p>The majority of respondents agreed that there were no wider industry developments that should be considered by the Working Group.</p> <p>The Working Group noted that only one respondent provided a comment with respect to wider industry developments and that the respondent had raised the same point in an earlier question, which the Working Group had commented on at that point.</p>			

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Company	Confidential/ Anonymous	9. What do you consider to be an appropriate implementation date for DCP 389? Please provide supporting rationale for your choice.	Working Group Comments
E.ON/Npower	Non-confidential	We believe that this change should be implemented on the first DCUSA release after having been approved by the authority.	first DCUSA release after approval
EDF Energy	Non-confidential	As soon as possible.	As soon as possible.
Electricity North West	Non-confidential	We believe sufficient notice, at least 6 months, would be required ahead of the September Review after the implementation of this change. On this basis the proposed implementation dates seem appropriate.	
Haven Power and Opus Energy Ltd	Non-confidential	We would like this implemented as soon as possible as this will mean fewer disputes to resolve.	As soon as possible.
Northern Powergrid	Non-confidential	Based on the expectation that the earliest DCP389 will be implemented is November 2021, we are comfortable with implementation as soon as practicable after the Authority has approved it. Therefore, the first Annual Allocation Review will take place in 2022.	first DCUSA release after approval
ScottishPower Energy Retail Ltd	Non-confidential	No real preference but suppliers need to be kept up to date of any banding changes – we are aware of issues with the roll out (IDNOs in particular) and would want to be certain these did not continue.	
Sembcorp Energy UK	Non-confidential	As soon as practical, to ensure it is in place for the first year under the new methodology of revenue collection.	As soon as possible.
SP Energy Networks	Non-confidential	The first DCUSA release date after being approved.	first DCUSA release after approval
SSEN	Non-confidential	The DCP should be implemented on April 1 st 2022 when TCR Charging Methodology comes into place.	first DCUSA release after approval

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UK Power Networks	Non-confidential	As this change does not require a change to the charging models nor does it require a change to charges, we support the view of the WG that this change is implemented in the next DCUSA release following approval.	first DCUSA release after approval
Western Power Distribution	Non-confidential	Next release of DCUSA	first DCUSA release after approval
SSE Generation	Non-confidential	We note that assuming Ofgem approves DCP389, the proposed implementation of DCP389 would be on the first DCUSA release date thereafter, i.e. either 4 November 2021 or 24 February 2022. We note that the proposed implementation for CMP336 is 1 April 2022. We would welcome similar implementation dates between the two codes, as this would help avoid confusion amongst network users at the different network levels.	1 April 2022.
<p>The Working Group noted that there were mixed responses to this question but that the majority of respondents were and these are set out below:</p> <ul style="list-style-type: none"> • X. • X. • X <p>xSummarise and note that WG will consider the the implementation date once solution is finalised</p>			

Company	Confidential/ Anonymous	10. Do you have any further comments on DCP 389?	Working Group Comments
E.ON/Npower	Non-confidential	No further comments.	
EDF Energy	Non-confidential	No	
Electricity North West	Non-confidential	No	

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Haven Power and Opus Energy Ltd	Non-confidential	No.	
Northern Powergrid	Non-confidential	No.	
ScottishPower Energy Retail Ltd	Non-confidential		
Sembcorp Energy UK	Non-confidential	No	
SP Energy Networks	Non-confidential	No further comments.	
SSEN	Non-confidential	None.	
UK Power Networks	Non-confidential	No	
Western Power Distribution	Non-confidential	No	
SSE Generation	Non-confidential	We do not have any further comments at this time.	