Company	Confidential / Anonymous	Question 1: Do you understand the intent of the CP?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes.	
Associated British Ports	Non-confidential	Yes	
British Gas	Non-confidential	We are unsure whether the intent is to: • allocate mixed use sites at distribution level to TCR bands on the basis of agreed capacity (large users) or consumption (small users), but in a way that uses only the final demand element of agreed capacity (large users)/consumption (small users); or, • allocate mixed use sites at distribution level to TCR bands on the basis of consumption for all users, because that is how sites are allocated to bands at Transmission.	
E.ON energy solutions Limited	Non-confidential	Yes we understand the intent of this CP.	
EDF Energy	Non-confidential	Yes	
Electricity North West Limited	Non-confidential	Yes.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	Yes	
SSE Generation	Non-confidential	We feel that the intent of the CP is ambiguous, based on section 1 of the consultation.	

		Paragraphs 1.6 and 1.7 of the consultation document suggest that the intent is “to determine a consistent approach to the application of the residual charge over both transmission and distribution charging, ensuring mixed use sites are charged consistency over both codes…” but early Working Group discussions have indicated that some members consider that a consistent approach across the two network levels “might be impractical” (para 4.4) and that “the number of sites making use of this arrangement may make the process unfeasible” (para 4.5). In any case, given that the CUSC equivalent proposal, CMP363, is still a work in progress, with both proposals being developed separately, achieving a consistent approach across the two network levels may not be the outcome. We propose that the intent of the CP should be stated more clearly. It seems that cross-code consistency may not be the aim but rather the clarification of the treatment of mixed demand sites at distribution level with regard to their residual charges.	
UK Power Networks	Non-confidential	Yes	
WPD	Non-confidential	Yes	
Working Group Summary:			

Company	Confidential / Anonymous	Question 2: Are you supportive of the principles that support this CP, which is to maintain alignment between distribution and transmission connected sites that have a mix of final and non-final demand?	Working Group Comments
Association for Decentralised Energy	Non-confidential	Yes, the ADE agrees.	
Associated British Ports	Non-confidential	Yes	
British Gas	Non-confidential	We support the principle that a mixed-use site with associated final demand should be liable for residual costs in a way which is proportionate to how the site would be treated if it was not mixed use and consisted only of its final demand. Therefore, if the principle is that at distribution level there should be an approach to ensure that only that element of agreed capacity (large users) or consumption (small	

		users) associated with final demand is used for allocating sites to bands, then we agree with that principle. We note that for transmission connected sites, where there is no concept of agreed import capacity, the arrangements are proposing to use final demand volume where it is separately metered. In the absence of agreed capacity data, we consider this is reasonable and proportionate for transmission for what is a relatively small number of large sites. However, we do not believe that banding for large mixed-use sites at distribution should be based on consumption (as is being proposed for Transmission) as this would create a significant difference in treatment between stand-alone final demand and mixed-use final demand at distribution level.	
E.ON energy solutions Limited	Non-confidential	We are supportive of the principles that have informed the CP.	
EDF Energy	Non-confidential	Yes	
Electricity North West Limited	Non-confidential	Yes, we are supportive of the principle of alignment between distribution and transmission where practicable because such an approach minimises any distortions in competition between distribution and transmission connected customers.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No. There is a significant difference between distribution and transmission connected sites in both volume and technical detail; it is not always appropriate to align treatment. In general, our concern with 'mixed demand' for a distribution connected site is the identification of what is final demand and what is not, given that (i) for sites with a maximum import capacity (MIC) the MIC applies at a 'total site' level regardless of what usage at that site is for, and (ii) for sites without a MIC, most are currently non-half hourly (NHH) settled and the Estimated Annual Consumption (EAC) data does not consider what that usage is for nor is it separable under current industry rules. We consider that any solution will create undue distortions and ultimately present opportunities to avoid residual costs which others will therefore pick up. We consider that DCP 388 does not align with the principles set out in Ofgem's Targeted Charging Review (TCR) Significant Code Review (SCR): to (i) reduce harmful distortions; (ii) improve fairness; and (iii) is proportionate and practical.	
Southern Electric Power Distribution plc	Non-confidential	Yes	

(SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).			
SSE Generation	Non-confidential	Yes, we are. Misalignment across network boundaries could disincentives mixed demand sites, such as those with storage, on one side of the boundary, creating a distortion. However, as per our response to q.1, we are not clear that maintaining alignment between distribution and transmission connected sites that have a mix of final and non-final demand is in fact the principle that supports this CP. Working Group discussions so far have indicated that some members do not consider that alignment between the CUSC and the DCUSA on this matter is feasible (as per our response to q.1). As noted under q.1, in any case, given that the CUSC equivalent proposal, CMP363, is still a work in progress, with both proposals being developed separately, achieving a consistent approach across the two network levels may not be the outcome.	
UK Power Networks	Non-confidential	No, See answer to question 8.	
WPD	Non-confidential	We do not believe that the principles that support this CP, which is to maintain alignment between distribution and transmission connected sites that have a mix of final and non-final demand are alone enough to justify its implementation.	
Working Group Summary:			

Company	Confidential / Anonymous	Question 3: Do you believe that option 1, where a customer certifies that a certain amount of their demand is 'Non-Final Demand' which is then deducted from the total of the site is a viable solution and should be developed further? If so: • what information do you believe that a customer should be asked to provide in such a certificate? • do you believe that a right should be granted to DNOs/IDNOs so as to be able to conduct assurance processes and what type of assurance processes do you think should be carried out? Please provide your rationale	Working Group Comments

Association for Decentralised Energy	Non-confidential	The ADE considers that the customer should provide the capacity and volumes of non-final demand final demand and if necessary, the type of generation. The DNO/IDNO should have the right to audit.	
Associated British Ports	Non-confidential	We would understand if the industry felt that this approach is impractical and not easily auditable/enforceable. It could, however, form the basis of an interim solution whilst Option 4 is worked up and implemented.	
British Gas	Non-confidential	We are not convinced a self-certification process is appropriate as there is likely to be a degree of judgement required to separate out how much demand is non-final demand, and it is unlikely this will be applied consistently under a self-certification approach which could lead to many disputes and retrospective adjustments. It is also not clear how this would work for large sites that have been assigned to a TCR band based on agreed capacity – in effect it requires customers to certify what portion of their maximum agreed import capacity is reserved for starting up a generator. Apart from storage facilities, we expect the answer will be a negligible portion since most mixed-use sites are likely to have agreed an import capacity that assumes no on-site generation (for the times when the generation in on outage). For such sites who are reserving that capacity on the network, it is appropriate that they are banded on that basis – as that is how an identical final demand site without on-site generation would be banded. The exception would be mixed-use sites with storage facilities. For these sites, the agreed import capacity will be influenced by the storage import as well as the final demand import. In these circumstances, it is fair for the site to be allocated to a TCR band based on its final demand import only, rather than its formal agreed capacity (although as per above, we are not convinced a self-certification approach is appropriate).	
E.ON energy solutions Limited	Non-confidential	We believe that this option should be developed further on the basis that it closely aligns to the Non-final demand self-declaration process that is already established for qualifying sites, who self-declare the site meets the non-final demand criteria, as we understand there is also an existing provisions within the DCUSA that enables the DNO/IDNO to conduct assurance processes to ensure that self-declaration is valid and in line what is self-declared should also be extended to this solution. We believe the information that should be provided should include the total capacity/EAC and the proportion of the that meets the non-final demand criteria, as well as supporting information that conduct assurance processes explains the on-site activities that meet the non-final demand criteria(e.g. type of generation asset) along with backing information of how the final and non-final demand has been split.	

EDF Energy	Non-confidential	EDF does not support the solution where the customer would be responsible to self-certify themselves as mix demand for the reasons stipulated below: • This approach gives customers the ability to manipulate/avoid charges by supplying incomplete or misleading information, if audit controls are not stringent or incomplete. In addition, we would be concerned for the additional cost this would add to conduct any audits and how this would be socialised across the industry. • Unclear how this would work in practice; if supply of import or export are with different supplier this adds further complexity to the process (e.g. who's responsibility would it be to provide the information to the DNO? Who supplies the import/export side for customers? Etc.) Given the significant volume of applications this would apply to and the manual nature of the operation, there's a lot of room for human error to be made.	
Electricity North West Limited	Non-confidential	No, not as described. Where there is a mixed site with a given total agreed capacity, both the final demand and non-final demand parts of the site may both utilise 100% of that overall capacity. The final demand element of a site should be allocated to the same residual charging band as a purely final demand site that utilises the same agreed capacity. The amount of the demand that is final demand is therefore more relevant than the non-final demand element as it is that final demand element that should determine the residual charging band. It cannot be assumed that the final demand capacity is the total capacity less the part used by non-final demand. Certification that includes the amount of final demand capacity, rather than non-final demand capacity, might be the basis of a more viable approach. As the working group has noted, it is difficult to understand how this could be applied to non-MIC sites as it is unlikely the consumption volume of the non-final or final demand element could be identified accurately (or assurance undertaken) without some metering of those individual elements in place. Consideration should be given to how DNO inspection or assurance visits would be funded. If such inspections are not funded, then it is possible DNOs would consider such visits to be not in the interests of customers and there would be an opportunity created for bad actors to exploit these arrangements. A possible funding arrangement would be an administration fee requirement on submission of certification. The fee might be set	

		to a level that fully funds, say, one-in-ten sites are subject to an assurance visit (hence the fee would be one tenth of the assurance visit cost).	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No, we do not support option 1. • **MIC sites** – this option would necessitate reliance on trust that the customer allocated the MIC appropriately based on a proportional consideration using other factors, which the DNO would struggle to validate. We are concerned about the incentives and outcomes that this creates as it arguably assumes that the MIC for a site is appropriately 'sized' e.g. if a site has a MIC greater than needed (for whatever reason and varying extent per site) but has not been strongly incentivised to give up that capacity previously, the customer could reasonably allocate MIC for final demand and the remainder to non-final demand (including capacity reserved but not necessarily needed) – therefore 'surplus MIC' may always be considered by a customer as non-final demand. This may present an opportunity for customers to retain unneeded capacity that may not be sufficient to trigger the TCR exceptional circumstances criteria if released, but benefit from a lower residual regardless. • **Non-MIC sites** – the settlement data for non-MIC sites is based on EACs and metered data is received by DNOs on an aggregated basis, so DNOs do not see data for individual sites. The EAC data we do receive for residual banding purposes can be extremely volatile (e.g. change significantly from one reading to the next) and includes Default EACs. Again, DNOs would struggle to validate this information and we are concerned about reliance on trust alone. • **General** - Although this method may be suitable for Transmission connected customers it is not suitable for DNO connected customers due to the quantity of DNO connected customers compared to transmission connected customers. Given the likely number of such sites it would be untenable for DNOs/IDNOs to conduct assurance processes for the self-certifications of each site and without any assurance process in place the self-certifications would be open to inaccuracies and gaming.	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	No, we don't support this option on its own. We are proposing another option as the combination of Option 1&2. Further details are explained below (Q8)	

SSE Generation	Non-confidential	We are not in favour of option 1. We acknowledge that it might, on the face of it, appear to be relatively easy and potentially cost-effective for site operators, and could be applied across all site configurations. However, it may be resource-intensive for the DNOs, and the bespoke nature of both the customer declaration and the assurance process could make it onerous and challenging to implement for DNOs. In any case, we would prefer a more verifiable solution to better manage the risk of inaccurate reporting and subsequent mis-banding which could distort competition in the supply of electricity by incorrectly lowering a user's residual charges. Should this approach be explored further (which we do not advocate), then: • With regard to information to be provided, we consider that the DNOs are, as a group, best placed to specify (collectively and thus on a pan GB standardised basis) what information is required, but we would expect that this includes a diagram of the assets on site, cross-referenced to the connection agreement, labelled with all relevant technical parameters, distinguishing FD from NFD, plus an explanation of how the FD and NFD assets operate: when, how long for, how often etc. • With regard to an assurance process, again, we consider that the DNOs are best placed to specify what this should look like, on a pan GB standardised basis, and how the information provided can be verified, e.g. by cross-referencing it to information DNOs already have access to, including from the connection agreement.	
UK Power Networks	Non-confidential	We do not believe that option 1 is a practical solution, as it would place a significant amount of trust on the customer or requesting party to be sufficiently honest regarding the split for each site, and its unlikely that DNOs would have sufficient resources to be able to audit the sites on a regular basis to ensure that these sites are configured as detailed and other customers are not paying more than they should be to address any shortfalls.	
WPD	Non-confidential	Option 1 is a viable option. The information needed on the certificate should contain both the import and export MPAN at the very least the Non Final demand capacity or kwh to be used to allocate the site to bands.	

		Without separate meters being fitted to the generation import and final demand import of the same site we are not sure of what assurance could be done. This option is mainly based on trust.	
<u>Working Group Summary:</u>			

Company	**Confidential / Anonymous**	**Question 4: Do you support option 2, which is to develop an agreed proportion of import capacity/consumption of generator that would be used to determine the non-final demand element on a mixed-use site? If so,** • **Do you have any ideas as to how the Working Group could determine the appropriate percentage for each type of generation; and** • **Do you believe that this solution can be applied to both MIC and non-MIC sites?**	**Working Group Comments**
Association for Decentralised Energy	Non-confidential	The ADE supports further exploring this option but does not have views on how the percentages for different generation types could be estimated.	
Associated British Ports	Non-confidential	Use of capacity information could be used given that that is the basis of the bulk of the DNO charges going forward. We can envisage some kind of discount based on the capacity of the non-final demand. However, we against the generic nature of this solution.	
British Gas	Non-confidential	We support an approach which minimises administrative burden and cost. We consider an expanded version of option 2 may work best. Our suggestion would be as follows: • No change to arrangements for small WC metered sites on grounds of practicality and proportionality. We don’t consider there is any current detriment to these sites as they are already banded using net consumption. We also do not consider these sites are causing any significant detriment to the broader population of customers by being banded on net consumption. If a site was unhappy with this treatment, they could install CT metering, agree an import capacity with the DNO and make use of the arrangements for CT metered sites below. • For CT metered sites – an agreed portion of agreed import capacity to be treated as non-final demand. The amounts by technology could be deemed by engineering judgement (for which the DNOs may be best placed). For all except	

		storage facilities, we would expect this portion to be minimal based on the assumption that sites will have agreed their import capacity on the assumption of no generation running on site (i.e. relating to the amount of final demand). For storage sites, the portion could be set at the agreed maximum export capacity (potentially uplifted for losses). • Where a site is unhappy with the deeming approach above they should be able to request the DNO to review the allocation by providing supporting evidence to demonstrate that without the non-final demand they would have a lower agreed import capacity. There should be common principles applied across all DNOs for this process which could be incorporated into DCUSA, and the Disputes process could be expanded to rule on disputes. We consider that the approach above would cater for the vast majority of mixed used sites with negligible administrative burden and cost. The sites that may require individual review are likely to be larger sites with varying individual circumstances. It will be difficult to codify an approach to cover all such circumstances for these sites, but a common set of principles should ensure an appropriate and uncontentious outcome for these sites.	
E.ON energy solutions Limited	Non-confidential	We do not support option 2 being developed any further as we believe this option would require a set overly complicated assumptions to be put in place regarding how much capacity or consumption would qualify for non-final demand based on generation asset type, which may not be completely reflective of the actual splits applicable on a site with mixed demand. In addition, a set of default % values per generation type is not likely to be universally agreed and may also require new technologies to be added and assessed as when they come online, which may in turn result future change requirements to change, amend and add new generation types to the assumed values list within the code, which would create future burdens on market participants.	
EDF Energy	Non-confidential	EDF are supportive of this option; it would be fairest to consider both NHH and HH metered for mixed demand – all other solutions preclude this – as such, option 2 is most in line with the TCR's intent of creating a fairer allocation of distribution charging. However, we are aware of the challenges involved in the inclusion of NHH metered sites. Potential ideas of how apportionment of final to non-final demand could be as follows: • Borrowing the FiT scheme as an example, where household PV generation is not known, 50% of total generation is assumed to be exported – perhaps a similar approach could be taken for technology types per GSP area.	

		• It was also suggested that a mixed approach could be taken: option 2 approach from NHH and option 3-4 for HH (depending on the appetite from the working group).	
Electricity North West Limited	Non-confidential	We do not fully support this option because we feel it will not be possible for a standardised proportion of the type proposed to correctly reflect a sufficient proportion of real-world sites. We believe it might be possible to design an approach that determines the typical import capacity or consumption of a generator (the non-final demand element) – if the range of categories is sufficiently expansive. This could be achieved by sampling pure generation sites and using their import capacities. However, it is our view that seeking to then translate that into a proportion of an overall site (as shown in para 4.18) is not possible because there is likely to be a large variety of scales of final demand elements within sites, and the scale of the final demand part is unlikely to be directly related to the non-final demand generator category, and so applying a predetermined, standardised proportion is not likely to be sufficiently reflective of a significant proportion of sites. It is possible that a standardised approach could be used to determine the scale of the non-final demand element of a site, and this could be used but without recourse to a standardised proportion. Alternatively, this approach may be more useful for non-MIC sites which tend to be smaller and so might be more suited to a simple generalised methodology to limit the resources required for administration of arrangements – although the limitations identified earlier would still apply.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No, we do not support option 2 which we consider retains all the flaws of option 1 but includes additional and arbitrary risk at the expense of a perceived simpler approach. Using one agreed proportion for all sites would be inappropriate as the balance of final and non-final demand on each site could be very different, as will how appropriately ‘sized’ the MIC is relative to the maximum demand of that site.	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power	Non-confidential	No, we don’t support this option on its own. We are proposing another option as the combination of Option 1&2. Further details are explained below (Q8)	

Distribution plc (SHEPD).			
SSE Generation	Non-confidential	We are not in favour of option 2. Whilst deeming has been used in other contexts, we would prefer a more verifiable solution to better manage the risk of inaccurate banding allocation (with the resulting distortive effect on competition) which the deeming approach can create. We consider that this risk could be further exacerbated, over time, through parameters becoming incorrect/out-of-date, particularly if regular and frequent reviews and updating of site configurations, technological developments and deemed percentages are not formally built into the process and properly resourced. If this option was to be explored further (which we do not advocate), then we would like to see a robust and well-resourced assurance process put in place.	
UK Power Networks	Non-confidential	We do not believe that option 2 is a practical solution, we have significant concerns about how such a percentage would be determined and can see significant confusion amongst parties which would be equally open to challenge. As such we do not believe that this is an option which should be progressed.	
WPD	Non-confidential	This option is viable however it not very accurate as each mixed site is different. They will have different import/ export capacities ratios between the generation and final demand sections of the sites and may operate on very different regimes to similar sites. This option will also require a certificate for the DNO to take the generation import into account when allocating the residual.	
Working Group Summary:			

Company	**Confidential / Anonymous**	**Question 5: Do you believe that option 3 whereby a Customer would need to utilise or install additional metering which would show how much demand is 'Non-Final Demand' which is then deducted from the total of the site is a viable solution and should be developed further? If so,** • **Do you have a view on what process could be designed to allow the customer or a sites registrant to provide the metering data to the DNO/IDNO directly?**	**Working Group Comments**

Association for Decentralised Energy	Non-confidential	The ADE does not support this option.	
Associated British Ports	Non-confidential	Given the existence of Option 4 we do not see any advantage to Option 3	
British Gas	Non-confidential	Please see answer to question 4 for our suggested approach. It is not clear to us that additional metering solves the issue since the question for CT metered sites is what portion of contractually agreed import capacity may be used for non-final demand. That is not the same as what portion of maximum demand (or consumption) may be used for non-final demand.	
E.ON energy solutions Limited	Non-confidential	We do not support further development of option 3, whilst the feasibility of using additional metering should result our primary reason for this is on the basis that there is a lack of assurance currently in place to ensure that any additional metered volumes used to calculate a sites non-final split does not currently have any way of assuring that the metering equipment in place is accurate and set up correctly. We note the developments on CUSC modification CMP 363/4 have taken forward one of 2 options for which this option is close to the original solution whereby operational metering solution being proposed, however the CUSC already has provisions to assure and pricier metered data through the provisions of the Grid Code at transmission level that do not exist where a site is Distribution connected. As such we believe which in would require significant would require significant cross code interaction and development which in turn would lengthen the lead time to implement as well as significant costs to be borne by distributors and generators alike	
EDF Energy	Non-confidential	EDF would not be support of option 3 for the reasons listed below: • Uncertainty around timelines to implement the change. • Cost of the change and how this is socialised across the DUoS charges and therefore customers. • Precludes NHH meters which we believe is not in line with TCR's intent.	
Electricity North West Limited	Non-confidential	Yes, this is a viable solution, subject to analysis of whether the cost of utilising or installing the additional metering does not act as a barrier to competition for these sites, and design of the process for provision of metering data.	

		Regarding the process to provide metering data, it could be a condition included in the certification that this data is provided in a standardised format, perhaps a spreadsheet template.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No, we do not support option 3 as it would result in additional costs for the customer to install required metering which we do not consider to be practical or proportionate; we recognise that the customer would ultimately need to consider whether the investment was economically beneficial when balanced against lower DUoS charges (assuming the customer benefits like-for-like via its supply contract). Subject to how the new metering data is provided, it would need to be in an industry standard format to be processed by all DNOs meaning that a new industry data flow would be required. Changes to billing systems and processes would also be needed, incurring additional costs for DNOs/IDNOs. We are concerned that this approach would not be viable for most customers i.e. NHH non-MIC sites.	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	No, we don't support this option.	
SSE Generation	Non-confidential	We think that option 3 is a potentially strong option in respect of verifiability of NFD. However, this would depend on the minimum metering specifications chosen for this option, and the data sharing process. Please see also our response to q.6 which refers to the (BSC) P419[1] solution which we suggest the Working Group could use to further develop option 3. We believe that at present, the separation of final from non-final demand would particularly apply to sites with battery storage (alongside final demand assets). We consider that batteries would typically already have import metering installed for a range of purposes, such as the monitoring of asset performance, the provision of ancillary services, the validation of asset guarantees etc. If this is true for many/most NFD assets, then the issue of sites being faced with additional metering costs (which could act as a	

[1] P419 'Extension of P383 to include non-final Demand' - Elexon BSC

		barrier to entry and / or an additional, superfluous, cost to be recovered from end consumers) would be much reduced. We would like the Working Group to look into the current type and prevalence of behind-the-boundary metering at mixed demand sites, to gauge the implementation challenge. Para 4.25 of the consultation refers to significant costs to be borne by distributors and generators alike in relation to option 3. We would like to see this quantified. We would like the Working Group to consider difference metering options, e.g. where unmetered non-final demand could be calculated by subtracting metered final demand from metered total site demand. This may be a cost-effective solution for sites where partial metering is in place. We note that option 3 is not considered applicable to NHH LV sites without a MIC. We would like to see clarification as to the reasons for this, given the residual banding exercise doesn't require HH data.	
UK Power Networks	Non-confidential	Adding additional costs to a party to have metering reconfigured or installed would unlikely be well received by the party faced with those costs, in addition we would question how this would be communicated to the appropriate parties, and have concerns around the costs to distributors of receiving, processing & storing the data (but not billing on it). As such we do not believe that option 3 is appropriate for the issue which is looking to be solved.	
WPD	Non-confidential	This is option 1 but with the facility for the DNO to audit the data as a certificate would be required in the first place. However, this process would be either very difficult or impossible for NHH sites.	
Working Group Summary:			

Company	Confidential / Anonymous	Question 6: Do you support option 4, which is based on finding a solution using a settlements process which may be similar to that which was developed for P375? If so, • Do you have any thoughts as to what the Working Group should factor in when developing this solution further?	Working Group Comments

Association for Decentralised Energy	Non-confidential	The ADE supports developing this solution further.	
Associated British Ports	Non-confidential	If consumption data is required then we believe option 4 is the best way of achieving this.	
British Gas	Non-confidential	The settlements process does not deal with agreed capacity, which is how large (CT metered) distribution connected sites are banded so we are not sure how useful it is to the issue of TCR banding for distribution connected sites. Whilst it may be useful for smaller WC metered sites, as per our answer above, we are not sure it would be proportionate to change arrangements for these customers.	
E.ON energy solutions Limited	Non-confidential	We do not support further development of option 4 at this time, Whilst we believe that the solution outlined under option 4 is likely to offer to the greatest level of assurance and enable data sharing capabilities in the most efficient way. We believe that there is similar issues in play as outlined in response to Q6 under this option, in addition we believe it is likely that to overlay further development onto the existing P375 solution for asset metering would likely increase central BSC development costs because there would be a requirement to assure re-active power metered data is both configured and forms part of metering Code of practice (COP) 11 wherever the solution is used for working out a sites non-final demand split for sites charged on the basis of Agreed Supply Capacity. In addition, we would also question if it’s appropriate and efficient to consider developing a BSC central system solution at this time when considering that Market Wide HH settlement reforms are underway but are not due to go live until 2025,as it is our opinion that the costs to develop the existing BSC central systems to facilitate option 4 are likely to be high and in turn require further spend in order to ensure that the solution remains intact post 2025 when the new central systems come on line.	
EDF Energy	Non-confidential	EDF does not support option 4 - reasoning is the same as option 3.	
Electricity North West Limited	Non-confidential	We are concerned that this is a potentially expensive solution but believe it may be viable and could be developed further if other solutions are found to be unworkable.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No, we do not consider that this solution is developed enough to be considered viable. Ultimately, we are concerned about industry costs and limitations to NHH non-MIC sites. Any solution on this basis may result in more reliable information on which to base a decision as to whether usage is final demand or not, but it does not present a solution to	

		DCP 388 as it stands, and we do not consider that it better achieves the TCR principles regardless.	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	No, we don't support this option.	
SSE Generation	Non-confidential	We agree that the P375 process (which permits the use of behind-the-boundary asset metering, as set out in a new code of practice, COP11) could be adapted up to a point as a solution for this proposal. However, as has been noted in the consultation document, it would only apply to sites active in the BM, leaving out non-BM sites. We think that the P419 process (recently approved by the Authority to enable implementation of CUSC CMP308[2]) may be more relevant in the context of this proposal. This process enables BSC Systems to aggregate the import data of all non-Final Demand sites for exclusion from BSUoS charges, provided that specified metering is in place. We understand that existing data transfer processes are used to implement P419, with aggregated data being provided via Elexon. These processed might need to be adapted to allow DNOs access to the data, which would need to be disaggregated and shared whilst preserving commercial confidentiality. We suggest that as part of option 3, the Working Group explores the P419 approach further and involves an Elexon representative in this.	
UK Power Networks	Non-confidential	In line with what the WG have discussed this is likely to only be possible for sites which have a MIC, those without (NHH) would be unlikely to be able to utilise such an approach. This would appear to have at least the same data issues as Option 3. We do not believe this is a proportionate solution.	
WPD	Non-confidential	The consultation mentions that this is likely to be the most expensive option and could take the longest to implement. The decisions in the previous options of how remove the residual and to allocate the Non final demand remaining elements to Bands will still remain in this option as in the others. However it could be the most robust but will only cater for the HH market.	

[2] CMP308: Removal of BSUoS charges from Generation | National Grid ESO

Working Group Summary:

Company	Confidential / Anonymous	Question 7: Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No.	
Associated British Ports	Non-confidential	No	
British Gas	Non-confidential	None beyond those captured by the working group.	
E.ON energy solutions Limited	Non-confidential	No comments.	
EDF Energy	Non-confidential	No.	
Electricity North West Limited	Non-confidential	No.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	No	
SSE Generation	Non-confidential	We have nothing further to add at this point in time.	
UK Power Networks	Non-confidential	MHHS will clearly change the whole industry from what exists today, and any changes to the arrangements which result in additional data would need to be considered within that context otherwise any proposed solution would be short lived.	
WPD	Non-confidential	None	

Working Group Summary:

Company	Confidential / Anonymous	Question 8: Do you have any further comments on DCP 388?	Working Group Comments
Association for Decentralised Energy	Non-confidential	No	
Associated British Ports	Non-confidential	There are some statements (possibly historic) within the consultation document to the effect that the issues of charging for “private wires” have/will be dealt with by DCP328 and implying that DCP388 should only be concerned with “complex” or mixed sites only. It is our understanding that DCP328 relates to how charges are split across TPA customers and the remaining boundary MPAN and does not address the appropriateness of charging non-final demand. We are therefore of the opinion that DCP 388 should explicitly state that it is covering mixed sites including private networks.	
British Gas	Non-confidential	No, thank you.	
E.ON energy solutions Limited	Non-confidential	No comments.	
EDF Energy	Non-confidential	No.	
Electricity North West Limited	Non-confidential	No.	
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No	
Southern Electric Power Distribution plc (SEPD); and Scottish Hydro Electric Power Distribution plc (SHEPD).	Non-confidential	We would like to propose another option as the combination of Option 1&2. The new option would be the customer will self-declare the split of Final demand and Non-Final demand, provide authorised certificate confirming the following details:(**1**) the overview/description of the plant process (i.e. what the primary purpose of the plant; both final and non-final demand processes); (**2**) what total final and non-final demand capacity (MVA) is at the site; (**3**) the comprehensive list of equipment, and associated capacities, at the site classified as final & non-final demand (MVA).	

		Our proposal would be to use the certificate provided by customer in conjunction with the predetermined, standardised proportion of import capacity/consumption table for each generation type as proposed in Option 2. As the intention of the table is to provide the industry standard figures, we would use this as the benchmark to compare and contrast with information submitted by the customer. If the information provided by the customer is not consistent with the industry agreed benchmark figure, further investigation with the customer may be conducted. We accept that in seeking to achieve a consistent approach across the industry on the standardised table proposed in Option 2 could be a difficult and lengthy process, considering the possible number of customers affected. One possible suggestion would be for each generation type, a small cross-section of sites could be contacted in order to generate an average % figure across each generation type. The information requested from the customer would be in line with the details provided within the certificate mentioned above. We accept this would provide only a snapshot of information for each generation type but would be less onerous than a full-scale investigation.	
SSE Generation	Non-confidential	We support an opt-in process, leaving it to site operators' discretion as to whether it would be worth their while reporting a site's NFD. (This is also what is currently being proposed under CMP363[3].) We note that the Working Group is taking a two-phased approach to addressing the issue. For its next phase (i.e. following this first consultation), we suggest that the Working Group refines its approach of comparing the options by applying some specific criteria, such as practicability, verifiability and cost-effectiveness, across all the parties affected by the proposal, and attempts to quantify the impacts as far as is feasible. For instance, with regard to the number of sites affected by the proposal, we note that table 2 and para 4.5 suggest as many as tens of thousands of sites being affected by the proposal. We wonder whether this number of mixed demand sites could be confirmed. Also, if a mixed sites reporting process was to be implemented, and this was to be on an opt-in basis, not all mixed demand sites would report their status, e.g. if doing so would not alter their band, or the reporting costs exceeded the savings. This ought to be taken into account.	

[3] CMP363 & CMP364: TNUoS Demand Residual charges for transmission connected sites with a mix of Final and non-Final Demand & Definition changes for CMP363 | National Grid ESO

		<u>HH LV sites without a MIC</u> (aggregated HH market) - we note that table 1 of the consultation states (as a concern) that for these sites, DNOs don't currently have direct access to the demand data they require for banding. We understand that for the initial banding exercise, special permission had to be sought from the DCUSA Panel to produce and share a one-off data report. This situation currently prevents a solution which requires the disaggregation into FD and NFD. We understand that the underlying issue was identified during the development of DCP360, and that the raising of a BSC modification was considered to address it. If this is not already in progress, we suggest that the Working Group follows this up to ensure that the prerequisites for a DCP388 solution are put in place.	
UK Power Networks	Non-confidential	Although we note that Ofgem have suggested that the industry review this area of the arrangements, and DCP388 is in the process of doing this, we have concerns over all four options tabled within this consultation. We feel that all the options work against the original purpose of the Targeted Charging Review. The original Ofgem decision on the Targeted Charging Review (published on 18 December 2019) that they stated that '*The TCR has focused on the ongoing 'residual' charges which aren't supposed to send signals for how the networks should be used. These charges are currently largely based on an individual user's consumption from the grid. By taking less electricity from the grid by either generating their own electricity or taking other action, some businesses and households currently avoid paying (some or all of) these charges, despite being able to draw on the networks as and when they need. The cost that they avoid falls on those that are not able to take similar action*.' We are of the view that this change would only go against this view and as such are of the view that DCP388 should not progress any further.	
WPD	Non-confidential	We are not convinced that the definition of a complex site includes all mixed generation and demand sites. OFGEM state in the DCP359 decision that *Under DCP359, customers connected to complex sites and private wires that currently receive a residual charge will continue to do so. DCP328 focuses on private networks; if the proposed solution for DCP328 does not apply to complex sites (that are not part of private networks), we would expect a party to propose a modification to address residual charging for such complex sites. For the avoidance of doubt, nothing in this letter in any way fetters our discretion with respect to DCP328.*	

		However, in the TCR Decision they state *Final demand: This must be defined as electricity which is consumed other than for the purposes of generation or export onto the electricity network. Generation only and storage only sites will therefore be exempt from residual charges. An appropriate process must be established to assess and identify or, where a practical and proportionate approach cannot be identified, to robustly estimate final demand for the purposes of residual charging.* And in the DCUSA direction it is stated *Final demand* *13) that applicable residual charges must be applied to final demand consumers only.* *14) the definition of 'final demand' is as follows "Final Demand means electricity which is consumed other than for the purposes of generation or export onto the electricity network". Therefore, generation only and storage only sites will not pay residual charges.* *Single site* *15) that the residual fixed charge is to be levied on a single site basis.* OFGEM have stated work needs to be done on the treatment of residual for complex sites and private wires. However, they have also stated for sites to be exempt from residual they must be generation only or storage only, I.e. Non final demand must not exist at the site. Therefore to determine that complex sites include all mixed generation and demand sites seems contradictory to the statements written above.	
Working Group Summary:			