DCP 390 'Provision of Isolations for Safe Working on Customers' Electrical Installations COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	**Confidential/ Anonymous**	**1. Do you understand the intent of the CP?**	**Working Group Comments**
The Electricity Network Company Limited	Non-confidential	Yes, we understand and support DCP 395.	Noted
UK Power Networks	Non-confidential	Yes.	Noted
Energy Assets Networks Ltd	Non-confidential	Yes	Noted
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	Yes	Noted
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	Noted
ESP Electricity	Non-confidential	Yes.	Noted

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes.	Noted
Electricity North West Limited	Non-confidential	Yes.	Noted
Working Group Conclusions: All respondents understood the intent of the CP.			

Company	**Confidential/ Anonymous**	**2. Are you supportive of the principles of the CP?**	**Working Group Comments**
The Electricity Network Company Limited	Non-confidential	Yes, we support DCP 395 entirely.	Noted
UK Power Networks	Non-confidential	No. We don’t believe that the principle of the change should look at the PCDM in isolation. A better allocation of the Smart Meter Communication Licence Fees would be obtained by passing through to the appropriate users using the CDCM.	Noted. Please see question 3 for Working Group response.
Energy Assets Networks Ltd	Non-confidential	Yes	Noted

Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	Yes	Noted
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	Noted
ESP Electricity	Non-confidential	Yes.	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes.	Noted
Electricity North West Limited	Non-confidential	We note the proposed approach is aligned with the treatment of Ofgem Licence Fees, and we are supportive of consistency in the approach to charging methodologies.	Noted

Working Group Conclusions: A majority of respondents were supportive of the principles of this change. One respondent suggested an alternative solution and this is reviewed further in response to question 3.

Company	Confidential/ Anonymous	3. Do you agree that Option 1 is the correct approach? Please provide your rationale.	Working Group Comments
The Electricity Network Company Limited	Non-confidential	Yes, we agree that recovering the Smart Meter Communication Licence Costs by the IDNOs by allocating the corresponding fees directly to the LV Service network tier, as described within Option 1 of this Change Proposal, rather than including the corresponding fees in the additional revenue to be shared, as proposed in Option 2, is a more cost reflective and accurate approach to undertake. While both options require a relatively easy implementation process without amendments to the CDCM, Option 1 also follows the same approach to how the Ofgem licence fee is dealt with in the PCDM and retains the allocation driver approach, while Option 2 moves away from the principle of the PCDM and the cost allocation driver approach. Moreover, the LV Service network tier represents a good proxy for the customer numbers, which is ultimately the direct driver of the level of DCC Charges for each DNO. Additionally, the fact that the DNOs' Nominated Calculation Agent for the LV network was 99.91% gives great comfort that LV Service network tier is an accurate direct allocation driver for the DCC Charges.	Supportive of option 1.
UK Power Networks	Non-confidential	While Option 1 would appear to be a more cost reflective approach tan option 2 we do not support either approach.	The Working Group concluded that if this is placed in the CDCM, it would affect the all-the-way tariffs, which is

		We believe that the correct way to allocate the smart meter licence fees would be to take the £/MPAN value and allocate it to the appropriate customers. The LDNO tariffs then have that exact amount removed. We believe that the two options proposed would result in a disconnect between the all the way charge and the LDNO discounted charge, which could mean that the LDNO does not get the exact amount to pay the licence costs. As a result we believe that the correct approach would be a change to the CDCM to allocate as a direct pass-through of the licence fees.	outside of the intent of this change. It is also against the principles of allocating costs in two different models. It was also noted that this would require additional modelling, which would delay implementation by another 12 months.
Energy Assets Networks Ltd	Non-confidential	Yes, EAN are in agreement with the Working Group that Option 1 is the preferred solution as it follows the same principles of the PDCM and approach adopted for the licence fee recovery introduced by DCP306.	Supportive of option 1.
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	We are supportive of Option 1 as the workgroup analysis suggests this will be more accurate than using Option 2. Option 1 also provides a consistent approach to the treatment of other specific comparable costs such as the licence fee. When considering both of these points, Option 1 would be the preferrable and in our view correct approach to be used.	Supportive of option 1.
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes. Option 1 is similar to the approach used for Licence Fees, maintains the allocation driver approach and is more cost reflective than Option 2.	Supportive of option 1.

ESP Electricity	Non-confidential	Yes, we agree that option 1 is the correct approach. While both options will achieve the same target, option1 provides better cost reflectivity than the alternative and the modelling results have shown that it will provide more accuracy for the charge allocation and recovery.	Supportive of option 1.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes, on the basis this retains the existing allocation driver approach within the PCDM.	Supportive of option 1.
Electricity North West Limited	Non-confidential	Yes, as this is the more cost reflective approach.	Supportive of option 1.
Working Group Conclusions: A majority of respondents were supportive of option 1. One respondent proposed an alternative approach by making changes to the CDCM to allocate a direct pass-through of the licence fees. The Working Group concluded that if this is placed in the CDCM, it would affect the all-the-way tariffs, which is outside of the intent of this change. It is also against the principles of allocating costs in two different models. It was also noted that this would require additional modelling, which would delay implementation by another 12 months.			

Company	**Confidential/ Anonymous**	**4. Is the allocation to LV level the correct approach? Please provide your rationale.**	**Working Group Comments**
The Electricity Network Company Limited	Non-confidential	Yes, we believe that the LV Service network tier represents a good proxy for the customer numbers, which ultimately directly drives the level of DCC Charges for each DNO. Furthermore, the fact that the DNOs' Nominated Calculation Agent for the LV network tier was calculated at 99.91% offers	Agree with approach

		great comfort that LV Service network tier is an accurate direct allocation driver for the Smart Meter Communication Licence Fee. We also believe that meters which are connected at a higher voltage tier are likely to be advanced meters and not Smart meters, so would not be enrolled into the DCC and would not, therefore, attract a charge from the DCC.	
UK Power Networks	Non-confidential	We feel the correct approach would be to allocate to Domestic Premises in line with the authorised activity of the Smart Meter Communication Licence.	Noted, see Working Groups response to question 3.
Energy Assets Networks Ltd	Non-confidential	Yes, EAN are in agreement with the Working Group that allocation at LV level is appropriate. Although not allocating at each network level may reduce cost reflectivity, LV network customers account for 99.91% of network connections, the impact will therefore be immaterial. Allocation at LV is a simplified solution.	Agree with approach
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	It would seem pragmatic to allocate the licence fee costs to the LV level given this accounts for the vast majority of connected customers and simplifies the process accordingly.	Agree with approach
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes. 99.9% of the customers are forecast to be connected at the LV network level and this also follows the approach used for the Licence Fees.	Agree with approach

ESP Electricity	Non-confidential	Yes, this aligns with the precedent set for the recovery of Ofgem license fees and provides for a simplistic solution with negligible impacts on cost reflectivity given customer numbers between the voltage tiers.	Agree with approach
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	The most cost reflective allocation would be to each voltage level.	The initial proposal suggested that the Smart Meter Communication Licence Fees could be allocated to the LV service network tier (or in accordance with customer numbers at each voltage) as it is the volume of customers that directly drive the level of costs. The allocation was also considered during the development of DCP306, Parties supported the allocation of the licence fee at each voltage level from a cost reflectivity perspective. To develop this further, they requested from the DNO community the number of customers at each voltage level. When this was analysed, there were 99.8% of customers forecasted to be connected at the LV network level. The Working Group concluded that from a pragmatic point of view it was sensible to allocate the licence fee at the LV network level rather than at each voltage level. This would reduce cost

			reflectivity (likely to be immaterial) but improve simplicity. The Working Group requested the latest figures on LV network customers to see if there had been a material change since the numbers used for DCP306 were in 2018. The figures provided by the DNOs' Nominated Calculation Agent for the LV network was 99.91%. Based on these figures, the Working Group concluded that the allocation of the Smart Meter Communication Licence Fee will be applied to the LV network level for this change. It should be noted that DCP 306 was approved by Ofgem and therefore the Working Group believe that this approach is still appropriate.
Electricity North West Limited	Non-confidential	Yes, the data proves the validity of this approach (99.91% LV) and there is benefit in a simpler administration of this approach.	Agree with approach
Working Group Conclusions: A majority of respondents agreed that the allocation to LV level is the correct approach. One respondent stated that the most cost reflective allocation would be to each voltage level. Based on the evidence that there is 99.91% of customers forecasted to be connected at the LV network level, the Working Group has concluded that the allocation of the Smart Meter Communication Licence Fee should be applied to the LV			

network level for this change. As concluded in the implemented DCP 306, this would reduce cost reflectivity (likely to be immaterial) but improve simplicity.

Company	Confidential/ Anonymous	5. Is deflating the values to 2007-08 levels the correct approach? Please provide your rationale.	Working Group Comments
The Electricity Network Company Limited	Non-confidential	Yes, we believe deflating the Smart Meter Communication Licence Fee to 2007-08 prices is the right approach as, otherwise, there would be a discrepancy between the DCC Charges, which are expressed in present values, and the rest of the fees within the PCDM, which are based in 2007-08 prices. This may risk overstating the value of the DCC Charges and result in a higher discount than is necessary to rectify the issue.	Agree with approach
UK Power Networks	Non-confidential	We feel that the costs should be pass-through at real or forecast values using the CDCM.	Noted, see question 3 response.
Energy Assets Networks Ltd	Non-confidential	EAN agrees with the Working Group that using the 2007-08 values align with the Regulatory Reporting Pack and matches the rest of the data used within the PDCM.	Agree with approach
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	For the purposes of this change proposal, adjusting the values to 2007-08 levels would be consistent with the treatment of costs within the CDCM. It does however raise the wider question (which is outside the scope of this proposal) as to whether the values should be updated to reflect current costs.	Agree with approach

Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes. All other values are in 2007-08 prices. If the Smart Meter Licence Fee is kept in nominal prices instead of deflated to 2007-08 prices then the calculations could be skewed as there would be a mix of price bases in the same calculation.	Agree with approach
ESP Electricity	Non-confidential	We agree as this maintains parity with the other approach taken for other recovered costs and ensures that the charges are not overly adjusted for inflation.	Agree with approach
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes, in order to retain consistency with the price base of other costs within the current PCDM.	Agree with approach
Electricity North West Limited	Non-confidential	Yes, consistent price base will ensure the relative scale of figures of different categories and avoid potential distortions caused by drawing from different data sources (2008 RRP and recent cost data) as much as possible.	Agree with approach
The Working Group Conclusions: A majority of respondents agreed with the approach of deflating the values to 2007-08 level. One respondent stated their preferred approach would be the alternative solution posed in question 3.			

Company	Confidential/ Anonymous	6. Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.	Working Group Comments
The Electricity Network Company Limited	Non-confidential	Yes, we agree with the assessment by the working group that DCP 395 better facilitates the DCUSA Charging Objectives 2 and 3. We believe that Charging Objective 2 is better facilitated as the current omission of this cost in determining the LDNO tariffs could have the impact of distorting competition in the distribution of electricity by not allowing LDNOs to properly recover costs which they have properly and efficiently incurred. We believe that this Change Proposal has a positive impact on Charging Objective 3 as it addresses the discrepancy of Smart Meter Communication Licence Fee recovery between the LDNOs and DNOs and, once implemented, will contribute towards a more reflective charging model for the LDNOs.	Agree it better facilitates DCUSA Charging Objectives 2 and 3.
UK Power Networks	Non-confidential	We agree with the view of the proposer shared in the consultation document that Charging Objective 2 and 3 are better facilitated by DCP 395. However we believe that there is a better way to address the allocation of licence fees and which will result in a methodology that better reflects the mechanism by which the costs are incurred.	Agree it better facilitates DCUSA Charging Objectives 2 and 3.
Energy Assets Networks Ltd	Non-confidential	Yes, EAN considers the CP better facilitates DCUSA charging objectives 2 and 3 by enabling IDNOs to recover their DCC charges in a similar manner to DNOs and are a better reflection of the costs incurred.	Agree it better facilitates DCUSA Charging Objectives 2 and 3.

Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	Yes, we believe this will better facilitate DCUSA charging Objectives 2, 3 and 6. 2 – This provides a more accurate allocation of DCC costs incurred by IDNOs and consequently does not restrict, distort, or prevent competition between distribution businesses. 3 – By improving the accuracy of the treatment of DCC costs and how these are treated within the PCDM. 6 – The allocation to the LV level only is a more efficient administrative approach given the portfolio coverage this achieves.	Agree it better facilitates DCUSA Charging Objectives 2, 3 and 6.
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Charging Objective 3 is better facilitated, due to the increase in cost reflectivity specific to the recovery of Smart Meter Licence Fees.	Agree it better facilitates DCUSA Charging Objectives 3.
ESP Electricity	Non-confidential	We agree that charging objectives 2 and 3 are better facilitated by this CP as it will better reflect the costs incurred by distribution businesses.	Agree it better facilitates DCUSA Charging Objectives 2 and 3.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes, we agree with the proposer that charging objectives 2 and 3 are better facilitated - cost reflectivity is increased and LDNOs will be able to recover DCC costs in full.	Agree it better facilitates DCUSA Charging Objectives 2 and 3.

Electricity North West Limited	Non-confidential	We believe the proposed solution better facilitates charging objective 3 (cost reflectivity) by more accurately reflecting the costs incurred, and charging objective 4 as it better accounts for the introduction of smart meter communication licence costs.	Agree it better facilitates DCUSA Charging Objectives 3 and 4.
Working Group Conclusions: All respondents agree that this CP would better facilitate the DCUSA Charging Objectives. This ranges from Charging Objective 2, 3, 4 and 6.			

Company	**Confidential/ Anonymous**	**7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?**	**Working Group Comments**
The Electricity Network Company Limited	Non-confidential	No, we do not believe there are currently any wider industry developments that would be affected once DCP 395 is implemented. We are aware of Ofgem's decision to split out DUoS charging reforms into its own SCR and that, in its decision document, it noted that changes which do not interfere with the aims and broad principles are allowed to proceed. We believe that this Change Proposal falls into that category and is, therefore, not impacted by the launch of Ofgem's DUoS SCR.	Noted
UK Power Networks	Non-confidential	The DUoS SCR is likely to consider the costs behind changes including those for LDNOs as such it could be that this issue may well be better addressed when any wholesale review is undertaken.	Noted
Energy Assets Networks Ltd	Non-confidential	None that we are aware of.	Noted
Last Mile Asset Management on	Non-confidential	No	Noted

behalf of Last Mile Electricity			
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No	Noted
ESP Electricity	Non-confidential	We have not identified any industry developments that would be impacted by this CP.	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Not at this time.	Noted
Electricity North West Limited	Non-confidential	No, other than the unknown impact of the ongoing Ofgem SCR.	Noted
Working Group Conclusions: A majority of respondents do not believe there are any wider industry developments that may impact upon or be impacted by this CP. A couple of respondents noted the Ofgem DUoS SCR which will be coming in the future.			

DCP 390 ‘Provision of Isolations for Safe Working on Customers’ Electrical Installations COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	8. Are you supportive of the proposed implementation date?	Working Group Comments
The Electricity Network Company Limited	Non-confidential	Yes, we agree that 1st April 2024 is the appropriate implementation date.	Supportive
UK Power Networks	Non-confidential	Yes as this would be the next opportunity for charges to be calculated and published, however confirmation of the change being approved would be welcomed ASAP.	Supportive
Energy Assets Networks Ltd	Non-confidential	Yes	Supportive
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	Yes	Supportive
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	Yes	Supportive
ESP Electricity	Non-confidential	Yes	Supportive

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes.	Supportive
Electricity North West Limited	Non-confidential	Yes.	Supportive
Working Group Conclusions: All respondents were supportive of the proposed implementation date.			

Company	Confidential/ Anonymous	9. Do you have any comments on the draft legal text?	Working Group Comments
The Electricity Network Company Limited	Non-confidential	No, we do not have any further comments regarding the Legal Text drafted.	Noted
UK Power Networks	Non-confidential	No not in relation to the two options proposed, although we have proposed an alternative approach as detailed in response to Q3.	Noted
Energy Assets Networks Ltd	Non-confidential	No	Noted

Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	No	Noted
Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No	Noted
ESP Electricity	Non-confidential	We believe the legal text achieves the intent of the CP.	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Remove the word 'current' from the below statement in order to reduce the risk of a party using the PIt value for year t i.e. 2022-23 and not the year for which charges are being calculated. Alternatively, please can you clarify the use of the word 'current' in the context as this does not appear in Schedule 16 where reference is made to the charging year. *'Where PI2007/08 is the indexation in 2007/08 and PIt is the indexation in the current charging year.'*	
Electricity North West Limited	Non-confidential	No	Noted

DCP 390 'Provision of Isolations for Safe Working on Customers' Electrical Installations COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Working Group Conclusions: A majority of respondents were happy with the proposed legal text. One respondent suggested removinf the word current from the following:

'Where PI2007/08 is the indexation in 2007/08 and PIt is the indexation in the current charging year.'

After review, the Working Group agree with this suggestion and the word "current" has been removed from the legal text.

Company	**Confidential/ Anonymous**	**10. Do you have any other comments?**	**Working Group Comments**
The Electricity Network Company Limited	Non-confidential	We support this Change Proposal and we agree with Option 1 being the most effective solution and its suggested implementation date.	Noted
UK Power Networks	Non-confidential	No.	Noted
Energy Assets Networks Ltd	Non-confidential	No	Noted
Last Mile Asset Management on behalf of Last Mile Electricity	Non-confidential	No	Noted

Northern Powergrid (Northeast) plc and Northern Powergrid (Yorkshire) plc	Non-confidential	No	Noted
ESP Electricity	Non-confidential	No	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Not at this time.	Noted
Electricity North West Limited	Non-confidential	None.	Noted
Working Group Conclusions: There were no other comments received.			