



DCUSA Consultation		At what stage is this document in the process?
<h1>DCP 410</h1> <h2>Fairer re-assessment of the allocation of Final Demand Sites prior to subsequent price control periods</h2> <p>Date Raised: 17 June 2022</p> <p>Proposer Name: Richard Ellis</p> <p>Company Name: Western Power Distribution</p> <p>Party Category: DNO</p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<p>Purpose of Change Proposal:</p> <p>DCP 410 seeks to ensure that DNO/IDNO Parties are able to utilise a fair and consistent approach to the re-assessment of the allocation of each Final Demand Site prior to the start of each onshore electricity transmission owner price control period to take account of any Final Demand Site that has been reallocated to a different charging band following a successful application under Sections 6 ‘<i>Exceptional Circumstances Resulting In Re-Allocation To A Different Band Within A Price Control Period</i>’, of Schedule 32.</p>		
	<p>This document is a Consultation issued to DCUSA Parties and any other interested Parties in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 410 ‘Fairer re-assessment of the allocation of Final Demand Sites prior to subsequent price control periods’</p> <p>The Working Group recommends that this Change Proposal should proceed to Consultation</p> <p>Parties are invited to consider the questions set in section 10 and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by 6 October 2022</p> <p>The Working Group will consider the consultation responses and determine the appropriate next steps for the progression of the Change Proposal (CP).</p>	
	 <p>Impacted Parties: DNOs, IDNOs, Suppliers and CVA Registrants</p>	



Impacted Clauses: Schedule 32 - Paragraphs 4.1 and 4.2

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Any questions?

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Timetable

The timetable for the progression of the CP is as follows:

Change Proposal timetable

Activity	Date
Initial Assessment Report Approved by Panel	20 July 2022
Consultation issued to Parties	15 September 2022
Change Report issued to Panel	November 2022
Change Report issued for Voting	November 2022
Party Voting Ends	December 2022
Change Declaration Issued to Parties	December 2022
Change Declaration issued to Authority	December 2022
Authority Decision	TBC
Implementation Date	5 WDs after Authority decision but no later than April 2023

1 Summary

What?

- 1.1 The Proposer suggests that the description of how Final Demand Sites are allocated to residual charging bands (Schedule 32 Paragraphs 4.1 and 4.2) needs to be extended to take account of Final Demand sites that have made a significant change to their Maximum Import Capacity (MIC) or usage to qualify to have their band reallocated in accordance with Paragraphs 6.1, and 6.2.

Why?

- 1.2 Without this change a Final Demand site that has been reallocated following a change of use, typically to a lower charging band, could potentially be re-banded to a higher charging band, or potentially even their original charging band, which the Proposer does not believe is the intention of the original change as well as it being inequitable to the end customer.

How?

- 1.3 The Proposer suggests adding additional wording to Schedule 32 Paragraphs 4.1 and 4.2 to allow DNO/IDNOs to take any re-banding into account when allocating customers to charging bands at future transmission price control reviews.

2 Governance

Justification for Part 1 Or Part 2 Matter

- 2.1 DCP410 has been designated as a “Part 1” matter as it satisfies one or more of the following criteria:
- a) it is likely to have a significant impact on the interests of electricity consumers;
 - b) it is likely to have a significant impact on competition in one or more of:
 - i. the generation of electricity;
 - ii. the distribution of electricity;
 - iii. the supply of electricity; and
 - iv. any commercial activities connected with the generation, distribution, or supply of electricity
 - c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties).

Requested Next Steps

- 2.2 This Consultation Document is issued for a period of three weeks. The Working Group will review the responses after this period.

3 Why Change?

Background of DCP 410

- 3.1 This change needs to be made to correct a defect in the current text that could result in a customer that has changed their capacity or consumption by greater than 50%, resulting in a change to their charging band, being allocated to a different band in the next round of calculations i.e during the Transmission Price Control banding review, if this change was made during the two year period used to calculate the average Maximum Import Capacity to be used to determine the banding.
- 3.2 Schedule 32 provides a timeline of the Transmission Price Control banding review which starts with the distributor using the Maximum Import Capacity values of Final Demand Sites as at January 2023. These are provided to the Banding Agent at the end of March 2023 resulting in the charging band boundaries being calculated and provide back to the distributors at the end of April 2023. The distributor has until the end of June to allocate each MPAN to a boundary using section 4 of schedule 32.
- 3.3 Attachment 4 contains two examples showing where a site may be re-allocated to an incorrect charging band following the review period.

Question 1 – Do you understand the intent of the CP?

Question 2 – Are you supportive of the principle of the CP?

4 Working Group Assessment

DCP 410 Working Group Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 410. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – www.dcusa.co.uk.
- 4.2 The Proposer walked the Working Group through the change and explained that if a customer gets their charging band reassessed during the period used for determining the recalculation, they could potentially get allocated back to a charging band higher than the one intended, which

is detrimental to the end consumer. An example was produced and added to section 3 to aid the reader in responding to the first two questions.

- 4.3 The Working Group identified two further areas for consideration. The first being other change proposals impacting Schedule 32 and the second being whether the scope should include the disputes process.

Other Schedule 32 change proposals

- 4.4 The Working Group identified DCP 389 '*TCR – Clarification on Exceptional Circumstances and Allocation Review for "New" Sites*' as a potential impact on this CP. DCP-389 is currently with the Authority for its decision. DCP-389 amends the exceptional circumstances section, which this CP is also doing, and introduces an allocation review process that may also result in the same unintended circumstances identified in this CP. Further consideration may need to be given to the consequences of DCP 389 on this CP if Ofgem approves it during the development of this CP, otherwise a further CP may need to be raised.
- 4.5 The Working Group would like to understand whether there are any other CPs that may need to be considered by this CP.

Question 3 – Are there any other DCUSA changes that you are aware of that this Change could impact? If so, please provide the change numbers and your rationale.

Scope of the CP

- 4.6 The Working Group reviewed the draft legal text and considered that there is a further section that should be considered by this CP. i.e. a site can also be allocated to a different band as a result of the disputes process.
- 4.7 The Working Group reviewed the terms of reference of the Working Group and considered paragraph 2.2 fifth bullet point which states:
- 4.8 "Providing both the Proposer and a majority of the Working Group are supportive, the developing and refining of a proposal may go beyond the stated intent (where reasonable and appropriate), as long as the Working Group ensures that such development and refinement meets the spirit of the original. In such instances the Working Group should notify the DCUSA Panel. The DCUSA Panel may redirect the Working Group if any development and refinement the revised intent is not reasonable and appropriate."
- 4.9 The Proposer and the Working Group agree that the disputes process is equally impacted, and its inclusion meets the spirit of the change. The Working Group is seeking confirmation from the Panel for this minor amendment to the scope of the change. The legal text includes the

amendment while the Working Group seeks approval from the Panel. If approved the summary section will be updated at the change report stage.

5 Relevant Objectives

Assessment Against the DCUSA Objectives

- 5.1 For a DCUSA Change Proposal to be approved it must be demonstrated that it better facilitates the DCUSA Objectives. There are five General Objectives and six Charging Objectives. The full list of objectives is documented in the CP form provided as Attachment 2.
- 5.2 The Proposer considers that the following DCUSA Charging Objectives are better facilitated by DCP 410:

	DCUSA Charging Objectives	Identified impact
<input type="checkbox"/>	1. That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	Neutral
<input checked="" type="checkbox"/>	2. That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	Positive
<input type="checkbox"/>	3. That compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	Neutral
<input type="checkbox"/>	4. That, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	Neutral
<input type="checkbox"/>	5. That compliance by each DNO Party with the Charging Methodologies facilitates compliance with the EU Internal Market Regulation and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators; and	Neutral
<input type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	Neutral

- 5.3 This change will better facilitate DCUSA Charging Objective 2, as it will allow sites to be allocated to an appropriate residual charging band based on a fairer assessment of the average capacity/consumption and thus would promote enhanced competition among similar end users.

Question 4 – Do you consider that the proposal better facilitates the DCUSA Charging Objectives? Please give supporting reasons.

6 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

- 6.1 No impact.

Does this Change Proposal Impact Other Codes?

BSC.....	<input type="checkbox"/>	MRA.....	<input type="checkbox"/>
CUSC.....	<input type="checkbox"/>	SEC.....	<input type="checkbox"/>
Grid Code.....	<input type="checkbox"/>	REC.....	<input type="checkbox"/>
Distribution Code..	<input type="checkbox"/>	None.....	<input checked="" type="checkbox"/>

Consideration of Wider Industry Impacts

- 6.2 None

Question 5 – Are you aware of any wider industry developments that may impact upon or be impacted by this DCP?

Confidentiality

- 6.3 This Change Proposal can be treated as non-confidential.

7 Implementation

- 7.1 The proposed implementation date for DCP 410 is the first release after Authority approval, but no later than the 1 April 2023 release. This is the latest date to ensure that the re-banding associated with the transmission price control reflects the changes suggested within the CP i.e. just prior to the re-banding process to be undertaken as indicated in paragraph 3.2 earlier.

Question 6 – Are you supportive of the proposed implementation date?

8 Legal Text

Legal Text

8.1 The proposed legal text amendments to Schedule 32 'Residual Charging Bands' have been included below:

Allocation of Customers to Charging Bands by DNO/IDNO Parties

- 4.1 For Final Demand Sites within the groups identified in Paragraph 1.5(a), 1.5(b) or 1.5(c), each DNO/IDNO Party shall allocate its Final Demand Sites to the relevant charging band based on the following criteria:
- (a) if 24 months of data is available, the average Maximum Import Capacity over that period; or if not available
 - (b) allocation to a charging band will be based on the following criteria:
 - (i) the average of Maximum Import Capacity over that period for which data is available; or
 - (ii) if no such data is available, other available information that is appropriate for a typical profile of a similar site to best estimate the expected demand of the Final Demand Site; or
 - (c) if a Final Demand Site has been reallocated to a different charging band in accordance with Paragraphs 6.1 and 6.2 or Paragraph 7.17, the average of Maximum Import Capacity over the remainder of the 24-month period referenced in Paragraph 4.1(a), following the effective from date of the reallocation.
- 4.2 For Final Demand Sites within the group identified in Paragraph 1.5(d), each DNO/IDNO Party shall allocate its Final Demand Sites to the relevant charging band based on the following criteria:
- (a) for a Final Demand Site that is half hourly settled:
 - (i) if 24 months of data is available, the average annual import consumption based on metered data over the 24 months; or if not available
 - (ii) when a minimum of 12 months of data is available, the average annual import consumption over the period for which metered data is available; or if not available
 - (iii) other available information that is appropriate for a typical profile of a similar site to best estimate the expected annual import consumption of the Final Demand Site; or
 - (iv) if a Final Demand Site has been reallocated to a different charging band in accordance with Paragraphs 6.1 and 6.2 or Paragraph 7.17, the average annual import consumption based on metered data over the remainder of

the 24-month period referenced in Paragraph 4.2(a)(i), following the effective from date of the reallocation.

- (b) for a Final Demand Site that is non-half hourly settled:
- (i) the most recent Estimated Annual Consumption for that Final Demand Site; or if not available
 - (ii) the Default Estimated Annual Consumption for that class of Final Demand Site; or if not available
 - (iii) other available information that is appropriate for a typical profile of a similar site to best estimate the expected annual import consumption of the Final Demand Site; or
 - (iv) if a Final Demand Site has been reallocated to a different charging band in accordance with Paragraphs 6.1 and 6.2 or Paragraph 7.17, the most recent Estimated Annual Consumption following the effective from date of the reallocation.

Text Commentary

The suggested text modifies Schedule 32 Paragraphs 4.1 and 4.2 to take account of changes made to a Final Demand Site's charging band under Paragraphs 6.1, 6.2 and 7.17.

Question 7 – Do you have any comments on the draft legal text?

9 Consultation Questions

9.1 The Working Group is seeking industry views on the following consultation questions:

No.	Questions
1	Do you understand the intent of the CP?
2	Are you supportive of the principle of the CP?
3	Are there any other DCUSA changes that you are aware of that this Change could impact? If so, please provide the change numbers and your rationale.
4	Do you consider that the proposal better facilitates the DCUSA Charging Objectives? Please give supporting reasons.
5	Are you aware of any wider industry developments that may impact upon or be impacted by this DCP?
6	Are you supportive of the proposed implementation date?

7

Do you have any comments on the draft legal text?

9.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than 6 October 2022.

9.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

10 Attachments

- Attachment 1 – DCP 410 Consultation Response Form
- Attachment 2 – DCP 410 Change Proposal Form
- Attachment 3 – DCP 410 Legal Text
- Attachment 4 – Examples of re-banding impacts