

## DCUSA DCP 414 Change Declaration

Voting end date: 5pm, 12 June 2023

DCP 414	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	CVA REGISTRANT	GAS SUPPLIER
CHANGE SOLUTION A	Accept	No votes received	Accept	n/a	n/a
CHANGE SOLUTION B	Accept	No votes received	Reject	n/a	n/a
IMPLEMENTATION DATE	Accept	No votes received	Accept	n/a	n/a
RECOMMENDATION	<p><b>DCP 414 Solution A– Recommendation</b></p> <p><b>Part 1 Matter:</b> Authority Decision Required</p> <p><b>DCP 414 Solution A – Accept</b></p> <p>1.1 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposal was greater than 50%. In accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that DCP 414 Solution A is accepted.</p> <p><b>DCP 414 Solution B– Recommendation</b></p> <p><b>Part 1 Matter:</b> Authority Decision Required</p> <p><b>Change Solution B – Reject</b></p>				

	<p>1.2 For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the proposal was equal to 50%.</p> <p>1.3 In the case where only two Party Categories vote on a Change Proposal, and one Category votes to accept and the other votes to reject, there can be no such majority and therefore, in accordance with Clause 13.5, the Parties have been deemed to recommend to the Authority that DCP 414 Solution B is rejected.</p> <p><b>Implementation Date – Accept.</b></p> <p>In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was more than 50% in all Categories.</p>
<b>PART ONE / PART TWO</b>	<b>Part One</b> – Authority Determination Required

PARTY	SOLUTION A (A / R)	SOLUTION B (A / R)	IMPLEMENTATI ON DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
	<b>DNO PARTIES</b>				
National Grid Electricity Distribution (East Midlands) plc	Reject	Accept First Preference	Accept	We agree with the working group	No comment
National Grid Electricity	Reject	Accept First Preference	Accept		

Distribution (West Midlands) plc					
National Grid Electricity Distribution (South Wales) plc	Reject	Accept First Preference	Accept		
National Grid Electricity Distribution (South West) plc	Reject	Accept First Preference	Accept		
Eastern Power Networks	Accept First Preference	Accept Second Preference	Accept	<p>We believe that General Objective 2 and Charging Objective 2 are better facilitated by this change as it will introduce a consistent approach being taken by DCUSA parties when dealing with customers affected by P432 &amp; MHHS TOM transition.</p> <p>We also believe that Charging Objective 3 is better facilitated as this change will allow sufficient time for customers affected by P432 and MHHS to actively engage with the DNO and agree a MIC which is appropriate for their requirements and representative of the costs they impose on the network.</p> <p>We also believe that Charging Objective 4 is better facilitated by this change as although it will introduce a common approach to agree an enduring MIC, it will permit DNOs to adopt their own approaches to initially overcome the administrative burden of setting an initial MIC for the CT metered sites affected by P432 MHHS.</p>	<p>As stated in response to the vote, we prefer Solution A as we feel it is more straight forward to introduce with no need for modified tariffs and additional LLFCs, both of which introduce potential risks to a delay in the change being successfully implemented. Solution A also broadly mirrors the arrangements implemented for P272, and hence is consistent. It will also remove the need for customers to be charged an additional 'interim' tariff for a period of time which would be the case for Solution B, before finally being charged the HH tariff. Solution A would move them to the enduring methodology straight away without the need to explain two different changes.</p>
London Power Networks	Accept First Preference	Accept Second Preference	Accept		
South Eastern Power Networks	Accept First Preference	Accept Second Preference	Accept		

Southern Electric Power Distribution plc	Reject	Accept First Preference	Accept	DCUSA Objective 2 On the basis that a consistent approach is being taken by all parties to cater for all customers impacted by P432/MHHS TOM.	No comment
Scottish Hydro Electric Power Distribution plc	Reject	Accept First Preference	Accept		
SP Energy Networks	Accept First Preference	Reject	Accept	General Objective 2, Charging Objectives 2, 3 and 4. Reasons outlined in the Change Report.	No comment
SP MANWEB PLC	Accept First Preference	Reject	Accept		
Electricity North West Limited	Accept Second Preference	Accept First Preference	Accept	<p>We believe General Objective 2 will be better facilitated by both Solutions as they ensure a consistent approach is taken to affected customers.</p> <p>We also believe that both Solutions will better facilitate Charging Objectives 2 and 3 by applying a common approach when dealing with affected customers and allowing time for customers and their DNOs to agree a MIC. Solution B removes the need for DNOs to set default MICs for circa. 60k customers affected by P432 and MHHS, which better facilitates Charging Objective 4.</p>	In our response to Consultation 3 we noted that Solution B may require DNOs to apply for a derogation, regarding the DNO annual charging statement and DCUSA CDCM methodology and recommended that legal advice was sought regarding the need for a derogation under the DCUSA. We note in the DCP 414 Change Report that the Working Group were uncertain as to whether a derogation to the CDCM would be required since the only change was the tariff name and not a methodology model change and followed our advice and sought a steer

					from the DCUSA legal advisors at Gowlings. We understand the legal advisors provided the following advice <i>“The steer from Gowlings was the safest course of action would be to obtain a derogation from Ofgem concerning the change to the tariffs on less than the required period of notice”</i> . As such, our response regarding Solution B is any recommendation to the Authority is subject to the Gowlings recommendation.
Northern Powergrid (North East)	Accept Second Preference	Accept First Preference	Accept	Both options better facilitate general objective 2 and charging objectives 2, 3 and 4, for the reasons detailed in the Change Report.	No comment
Northern Powergrid (Yorkshire)	Accept Second Preference	Accept First Preference	Accept		
IDNO PARTIES					
None					
SUPPLIER PARTIES					

British Gas	Reject	Reject	Reject	<p><u>Proposal A:</u></p> <p>Charging and General Objective (2): Negative Impact</p> <p>Proposal A includes the potential for additional charges to apply retrospectively. This is a poor customer outcome, risks delaying the migration programme, and creates risk to cost recovery for suppliers which will need to be factored into prices. Therefore, Proposal A is negative against charging and general objective (2).</p> <p>The retrospective application of the MIC should only apply if this results in refunds, not additional charges. Proposal A would apply the MIC retrospectively in cases where the Default MIC has been exceeded even if this resulted in an increase in cost. For example, if the customer exceeded the Default MIC on a single occasion due to exceptional circumstances, they would most likely be better off paying the one-off excess capacity charge and keeping a lower MIC rather than have the higher MIC</p>	<p>For Proposal B the working group originally considered that the LV Site Specific tariff would only apply to those customers whose calculated MIC after the assessment period was above 69kVA. We believe this would have been a more appropriate solution, applying the LV Site Specific tariff only to larger customers with similar characteristics, whilst continuing with the aggregated tariff structure for smaller customers with similar characteristics who are likely to have a CT meter for pure legacy reasons.</p> <p>We note that more consultation responses favoured this 69kVA threshold for moving customers to the LV Site Specific tariff but the workgroup decided to remove it in the final solution for Proposal B.</p> <p>We believe Ofgem should consider sending this change proposal back to incorporate an option with the 69kVA threshold. Such an approach would resolve the issues highlighted above regarding the cost reflectivity of future charges and residual banding.</p>
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				<p>based on the exceptional data point applied retrospectively.</p> <p>Charging Objective (3): Negative Impact</p> <p>To the extent that a capacity-based charging structure may be deemed to be more cost reflective – that is only the case if the tariffs are based on the load characteristics of the customers they are applied to. The tariffs for charging years 2023/24 and 2024/25 have already been published on the basis that these customers will be charged on the aggregated tariff structure. Therefore, the published LV Site Specific tariffs have not been derived in a way which incorporates the load profiles and characteristics associated with these customers. Given PC01-04 CT customers would make up ~25% of the LV Site Specific population, the current published LV Site Specific tariffs will not be cost reflective for the PC01-04 CT customers migrating to them. The merging of ~60,000 small CT sites with the larger CT customers already in the existing LV Site Specific tariff will also dilute the cost reflectivity of future charges as well as having material implications for the residual banding of customers within this tariff. These cost reflectivity and residual banding impacts have not been considered by the working group. Therefore, we consider Proposal A is also negative against charging objective (3).</p>	
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				<p><u>Proposal B:</u></p> <p>Charging and General Objective (2):</p> <p>Positive Impact</p> <p>By maintaining the current charging structure during the migration to HH settlement, Solution B will facilitate charging objective (2) by removing the DUoS risks associated with the need for customers to migrate to HH settlement.</p> <p>Charging Objective (3): Negative Impact</p> <p>For the transitional period, the applicable tariffs are also those which the DNOs assumed these customers were on when they calculated tariffs for 2023/24 and 2024/25 and so are the most cost reflective to keep them on post migration. This aspect of Proposal B better facilitates charging objective (3). However, as the Proposal B also moves all affected customers to the LV Site Specific tariff after the assessment period then it suffers the same problems as Proposal A with regards to enduring cost reflectivity and residual banding. That is, the merging of ~60,000 small CT sites with the larger CT customers already in the existing LV Site Specific tariff will also dilute the cost reflectivity of future charges as well as having material implications for the residual banding of customers within this tariff. These cost reflectivity and residual banding impacts have not been considered by the working group. Therefore, we</p>	
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				consider Proposal B is also negative against charging objective (3).	
Brook Green Supply	Accept First Preference	Accept Second Preference	Accept	No comment	No comment
Npower Commercial Gas Limited.	Accept Second Preference	Accept First Preference	Accept	We support the working groups view on DCUSA applicable code objectives.	No comment
Engie	Accept First Preference	Reject	Accept	Objective 2 is better facilitated by Solution A (Default MIC) as the proposal provides transitional relief for a group of customers that would otherwise be temporarily disadvantaged by the transition to MHHS and also allows for subsequent reconciliation of charges for these customers.	While we support the proposed implementation date of 1 April 2024, this is based upon the need to have the necessary industry changes in place prior to the migration of these MPANs. It does not imply any support for early migration of NHH CT MPANs as envisaged by P432.

#### CVA REGISTRANT PARTIES

Not Eligible
<b>GAS SUPPLIER PARTIES</b>
Not Eligible