

DCP 414 'Transitional Protection for NHH CT Customers affected by regulatory change.

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	1. Which option do you support? Please provide rationale	Working Group Comments
Shell Energy UK Limited	Non-confidential	<p>Based on the information available we are currently not able to support any of the options outlined, this is because:</p> <p>Option 1 – is unnecessarily complex. Changes to CDCM models and the need to then 'unpick' these changes is excessive.</p> <p>Option 2- Retrospective billing of capacity is unacceptable. Suppliers will not know the actual chargeable MIC at the time of pricing a customer's contract. They will therefore need to either apply risk premia (which is more expensive for customers) or perform retrospective billing once the MIC is known. This will also cause confusion for customers.</p> <p>Option 3 – We do not support the default MIC / retrospective billing that is included in this option. As an alternative, we would suggest that a pragmatic solution would be that migrated MPANs continue, for a minimum of a full April to March DNO charging year*, to be allocated to a non-half hourly tariff structure i.e. no capacity charge. This should provide sufficient time for DNOs to agree a capacity with the customer before the MPAN then transfers over to the half hourly tariff. If a MIC is not agreed within that time, the customer should remain on a non-half hourly DUoS tariff until a MIC is agreed. *customer will always move to the new HH tariff on 1st April</p>	<p>None</p> <p>Reason Option 1 – unnecessarily complex, changes excessive.</p> <p>Option 2 - Retrospective billing of capacity is unacceptable due to MIC potentially not known at time of contract renewal. Option 3 – the latter part regarding default MIC as per option 2</p> <p>Prefer migrated MPANS retain NHH tariffs for a period of 12 months i.e. No capacity charge so still be billed on an aggregated basis to allow the time to negotiate the MIC and then move to an HH tariff.</p>
SSE	Non-confidential	Option 2 (using default values). It follows what was done before (P272) and does not require any major changes.	Option 2
British Gas	Non-confidential	Our preference is for an option where these customers stay on the aggregated tariff structure that is currently applicable to them until all	None of the three

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	<p>customers have migrated. Any approach which moves customers to the standard HH CT tariffs will increase costs for many customers and so will reduce the likelihood of this cohort of customers migrating ahead of time – defeating the purpose of P432. Maintaining the current tariff structure, albeit in a HH tariff, would best facilitate the migration of these customers. Once all customers have been migrated, a future change could then consider the appropriate charging arrangements in the MWHH world.</p> <p>If a MIC is to be required, we agree Option 2 is the best of the three options but any retrospective setting of a MIC should only occur where this would result in lower charges. If the retrospective element of the change results in an increase in charges, then it cannot be considered protection.</p> <p>For example – in the 12 month period post migration a customer may be charged on a default MIC of 70kVA. The customer could register a demand of 90kVA on a single occasion, but other than on that occasion demand may have been consistently at or below 50kVA. Mandating that the MIC should be 90kVA and applied retrospectively from the effective migration date would retrospectively increase both capacity costs and residual costs. This cannot be considered 'protection'.</p> <p>After the 12 month period a customer should have the ability to decide on their reasonable capacity requirements with the DNO. In the case of the example above, if the customer can justify that the 90kVA was a one-off event and unlikely to be repeated, then they should be able to agree a 50KVa MIC and have it applied retrospectively if that resulted in refunds, or prospectively only if it does not result in refunds. If the customer considers they do indeed require a 90kVA MIC then the customer should be able to agree that going forward, but not have it applied retrospectively if that would increase historic costs overall.</p>	<p>Prefers all customer to retain an aggregated position until the last one moves.</p> <p>Like Shell regarding the tariff being aggregated but via a separate change after all have migrated.</p> <p>If not supported as an alternative, then Option 2 although the suggestion is to only reduce down and not up. See example.</p>
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National Grid Electricity Distribution	Non-confidential	Option 3 in the first instance, moving to Option 2 where data cannot be captured/provided by the supplier.	Option3
Npower Business Solutions	Non-confidential	<p>We support Option 2.</p> <p>Whilst we remain of the opinion that Option 1 would be the most beneficial to impacted consumer it is clear that the level of cost, effort and complexity that would be placed on DNO's to facilitate option 1 would be significant.</p>	Option 2
NPg	Non-confidential	<p>We support option 2.</p> <p>Option 1 – We do not support this option. This would have a long lead in time due to the changes necessary to the DCUSA to include a new set of tariffs where the excess capacity charging rate is equal to the capacity charging rate. The cost, both financially and in resources, would be disproportionate to the benefit of introducing these tariffs for the short amount of time they would be needed for.</p> <p>Option 2 – We support this option. Using a default value which is then trued up after 12 months is the simplest solution. If correctly set the default capacity should be suitable for most sites and should therefore ensure customers do not receive excess charges. By truing up the default to an actual value once data is available, or once the customer is able to confirm their requirements, mitigates the concerns raised in this CP.</p>	Option 2

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		<p>Option 3 - We do not support this option. Agreeing a MIC with all customers before they migrate could significantly delay migrations. A longer lead in time would be required to ensure all customers have been contacted ahead of migration. This will not be possible for all customers meaning that a default would have to be used in some cases anyway. The use of a suitable default MIC and a true-up of this after 12 months will have the same overall impact as agreeing a MIC in advance. Setting the default MIC at a suitable level should ensure most customers do not receive excess charges</p>	
UK PN	Non-confidential	<p>We strongly support option 2, this is broadly similar to the approach we took for the migration of customers under P272 and from experience this worked for all parties. This approach allows a customer to be easily identified as a customer impacted by these arrangements (by using a unique MIC value), which assists with reporting of customers outstanding but also ensures that the Supplier and Customer see a clear capacity charge which will encourage dialogue with the DNO to agree a suitable value within a reasonable period of time.</p>	Option 2
Electricity North West	Non-confidential	<p>We agree with the working group and believe Option 2 the setting of default values where a MIC was not available would be the least onerous to implement.</p> <p>We would like to see a flag added to link the subject to DCP 414 and so not included within the NTC defined 12 months period.</p>	Option 2
<p>Working Group Conclusions:</p> <p>There were eight responses received with the support for each option being:</p> <p>Option 1 – 0</p>			

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Option 2 – 5

Option 3 - 1

With the other two preferred an alternative approach whereby:

Alternative 1 - the customers are billed on an HH aggregated basis for a full twelve months from April-March and agree a MIC during that time otherwise no change to HH site specific tariff is made until agreement is reached.

Alternative 2 - these customers stay on the aggregated tariff structure that is currently applicable to them until all customers have migrated. A future change could then consider the appropriate charging arrangements in the MHHS world.

The Working Group reviewed the responses and agreed there was significant support for the default value solution, however the Working Group noted the responses suggesting an alternative solution to apply an aggregated tariff during transition. A Sub-Group was formed and concluded that this alternative solution was feasible.

The Working Group agreed to develop two solutions, the default MIC solution (which has been further developed using feedback from consultation two and the alternative solution and conduct a further consultation.

Company	Confidential/ Anonymous	2. Where the customer has not agreed a MIC during the 12 month period post migration should the distributor calculate the MIC and notify the customer of the revised value? Please provide rationale	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We agree with this in principle; however, we require further detail on the timescales in order that we can fully consider the impact on resource, i.e will there be a set time proposed in producing a revised MIC, or will this be solely at the distributor's discretion?	Agree with the approach.

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British Gas	Non-confidential	<p>The MIC is agreed between the customer and the DNO and we believe the DNO should be obliged to engage with the customer to agree a value.</p> <p>The process should not simply be that the DNO assigns a MIC if the customer doesn't engage in the 12 month period, but rather it should be that the DNO seeks to engage with the customer during the 12 month period to agree a MIC, and only if the customer refuses to engage or agree a value should the DNO assign a reasonable value and notify the customer.</p>	Noted
National Grid Electricity Distribution	Non-confidential	Agree with the question posed. We have customers that we have never been able to contact to set an MIC. Therefore, we are in agreement with DNOs calculating a value after 12 months.	Agree with the approach
Npower Business Solutions	Non-confidential	We support this as a possibility and should be taken forward as backstop wherever customers have not come forward or are unable to agree a MIC with the DNO, to ensure that a MIC is in place that is informed through the relevant metering system in order to prevent excess capacity charges being in place due to either a lack of engagement or a failure to agree a MIC.	Agree with the approach
NPg	Non-confidential	The distributor should calculate the MIC and notify the supplier of the value. The supplier is notified of any capacity changes as per normal processes. If the distributor hasn't agreed a MIC with the customer, this is likely because there is no communication channel between the two parties. How does the Working Group propose the customer receive this notification if there are no contact details? The supplier is better placed to communicate changes in billing to the customer.	Noted
UK PN	Non-confidential	We believe that it is vital that the customer is involved in any discussion to agree a MIC for their site(s) so we believe that retaining each customer on their 'default' MIC would be the most appropriate approach. This can be	Does not agree with amending the MIC without customer involvement citing

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		<p>amended at any time on request by the customer but would no longer be backdated.</p> <p>If the DNO is left to determine a new MIC there may be little incentive for the customer to be pro-active during the 12 month period.</p> <p>Under section 16 of the Electricity Act, it is the customer who proposes the MIC. While either party can propose a variation under the NTC subsequently, it is only by agreement. We believe having the DNO impose a MIC is not in keeping with these principles.</p> <p>With the right communication to customers up front, they should have the understanding and ability to understand how this impacts them and contact the DNO as required.</p>	<p>Electricity Act section 16mand variations only by agreement. Is it section 16 and 16A? This was also mentioned in DCP248 by two responders, one of which being UKPN.</p> <p>This was the approach adopted by DCP248 supporting P272.</p>
Electricity North West	Non-confidential	<p>We would like the Supplier to be the primary point of contact, this is because of the issues seen during the implementation of P272 when distributors contacted suppliers' customers directly. To ensure this is a smooth customer journey, we would like initial communication to be led by suppliers, it would seem appropriate that a distributor would be able to calculate the MIC and then advise the supplier to enable the supplier to notify its customer as their primary point of contact for billing.</p> <p>We would also like any communications to reference 'DCP 414' so that this is easy for call centre staff to redirect call and associate them to this change.</p> <p>We would also have a preference for digital notifications available on the Suppliers online platform for initial comms, again stating the link to 'DCP 414', we can then have the chance to follow up with a dedicated point of contact proactively to ensure customers understand this is a genuine change. This allows for a lack of awareness by customers of what a DNO does.</p>	<p>Note support for supplier led but feed MIC changes via the supplier.</p> <p>Same as NPg above</p> <p>Also note other means of notification</p>

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Working Group Conclusions:

In response to this question there were:

- three respondents with outright support for the approach,
- two suggesting that any changes should be notified to the supplier to notify the customer,
- one suggesting that an obligation should be on the distributor to attempt to discuss with the customer rather than amend at the end of the process,
- one suggesting that this may breach the Electricity Act and the NTC, and
- one said the question was not applicable to them.

The Working Group reviewed the responses and decided the distributor will decide on the default MIC value were there has been no agreement with the customer.

Company	Confidential/ Anonymous	3. Do you believe that the MIC Default value should be left to the distributor to determine? Please provide rationale.	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We agree that the default MIC should be at the distributor's discretion, but it should be coordinated by the supplier.	Agree with Distributor discretion.

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British Gas	Non-confidential	We believe there should be a standardised approach. We are concerned that the default values used by some DNOs during P272 were inappropriately high and suggest the values should be lower than those used for P272 given that change was for PC05-08 customers and this one is predominantly for smaller PC01-04 customers. Setting the default MIC too high will result in unnecessary additional administrative effort via the retrospective element of this proposal and is also likely to result in enduring and inappropriately high capacity costs if customers do not engage with the DNO to agree a more suitable MIC.	
National Grid Electricity Distribution	Non-confidential	Yes, default value left to the Distributor. We have the means to do this already.	Agree with Distributor discretion
Npower Business Solutions	Non-confidential	No comments.	noted
NPg	Non-confidential	Yes. Each DNO has their own processes which they need to follow and average demand may also be different in different licence areas, meaning that a default value that is suitable for one area may not be suitable for another.	Agree with Distributor discretion
UK PN	Non-confidential	We can see the benefit to suppliers and customers of having a common set of values used by all, especially for Suppliers when communicating with Customers, and where Customers have a number of sites across different DNOs. However our system uses 71kVA for MC=E and 101kVA for MC=C, which we feel are appropriate values, and any deviation from these would require a system change.	Agree with Distributor discretion

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Electricity North West	Non-confidential	Yes, we believe this should be set as part of the Add load/new connection application process as we need to ensure the network can support what the MIC is set to. With data sharing, this could ultimately be set through parties utilising the same core data.	Agree with Distributor discretion.
Working Group Conclusions: There were five responses in favour of the distributor setting this value, one seeking a common value across the industry and two offering no response. The one not in favour suggested that setting the default MIC too high will result in unnecessary additional administrative effort via the retrospective element of this proposal and is also likely to result in enduring and inappropriately high-capacity costs if customers do not engage with the DNO to agree a more suitable MIC. The Working Group reviewed the responses and agreed for the distributor should base the default MIC on actual data			

Company	Confidential/ Anonymous	4. Should the CT Metered Customers not covered by P432 be extended the same protection? Please provide rationale.	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We agree with the proposer that all customers transitioning to HH settlement will face the same issues. Hence, they should be offered the	Agreed

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		same protection. There is no justification to treat any differently, as doing so could complicate matters	
British Gas	Non-confidential	Yes	Agreed
National Grid Electricity Distribution	Non-confidential	No view on this question	noted
Npower Business Solutions	Non-confidential	Yes, on the basis that any and all CT metered customers will be required to become HH settled through the MHHS programme which will mean they will be subject to the same network charging tariffs and arrangements as all currently NHH CT customers, therefore it is logical to capture and offer the same protections being proposed under this CP.	Agreed
NPg	Non-confidential	Yes. All sites which are migrating should be allowed the same protection as, from the point of view of the DNO, they are undergoing the same process, regardless of the origin of that process (P432 or otherwise).	Agreed
UK PN	Non-confidential	We would consider these customers as BAU, as a result suitable communication should make it clear that a MIC needs to be agreed with their DNO so any protection such as this should not be necessary.	Not agreed, part of BAU
Electricity North West	Non-confidential	It seems appropriate to also include these customers in the scope to potentially negate the need for a separate change proposal to be raised to cater for them.	Agreed

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Working Group Conclusions:

The responses to this question were:

- Five in agreement;
- One not in agreement citing Business as usual process; and
- Two offered no opinion.

The Working Group reviewed the responses and agreed that the protections offered under P432 should be extended to all CT metered customers.

Company	Confidential/ Anonymous	5. Should the MIC protection be subject to sunset clause or a defined period after the migration has taken place? Please provide rationale	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	A defined period offers more flexibility and opportunity to resolve any long-standing issues.	Defined period
British Gas	Non-confidential	We agree a defined period is most suitable, however it needs to be longer than 12 months as it is reasonable for a customer and the DNO to desire a full 12 months of data to assess what the MIC should be before they can then begin the administrative process of agreeing it. We suggest an additional 3 months to cover the administrative element of agreeing a MIC.	Defined period

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National Grid Electricity Distribution	Non-confidential	Yes, a sunset clause would be beneficial to reduce the possibility of customers taking advantage of the system.	Sunset clause
Npower Business Solutions	Non-confidential	We believe a 12 month period of protection should suffice from the effective date of the initial NHH-HH CoMC. this is on the basis that 12 months should provide a view of a sites demand profile over the course of the year so takes into account any seasonal demand variances over the course of a calendar year.	Defined period - 12 months
NPg	Non-confidential	MIC protection should be subject to a defined period (12 months) after the migration has taken place. As there is no currently known end date for MHHS to be completed then if a sunset clause with a specific date is included this could lead to further revisions to the legal text being needed following any changes to the MHHS timeline. 12 months from the date of migration should allow sufficient time for the MIC to be revised if required for a given site.	Defined period – 12 months
UK PN	Non-confidential	There should be no need for a sunset clause if there is compliance with migration requirements under P434 and MHHS - the last customer to migrate will have 12 months and then there are no more customers impacted – the ability to determine a backdated MIC falls away naturally. So we believe that a defined period of time (12 months) should be sufficient from the agreed start date on any migration of Customers. If there is a risk to these migrations then a sunset clause may be appropriate.	Defined period – 12 months
Electricity North West	Non-confidential	We don't believe the sunset clause worked well for P272, so our preference would be for a defined period after migration has taken place. We would	Defined period – 12 months

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		recommend gathering 12 months of continuous consumption data for analysis; therefore, the exercise would need to be following this and could be subject to further reviews.	
<p>Working Group Conclusions:</p> <p>Six respondents agreed with a defined period being set rather than a sunset clause. One respondent added that it should be longer than 12 months suggesting that twelve data should be used and then a further three months to agree the revised value.</p> <p>One respondent supported a sunset clause and the final respondent replied that the question was not applicable to them.</p> <p>The Working Group reviewed the responses and concluded that the transition period is to be applied on the first migration (and not on any future migration should a reverse migration take place) and will be closed eighteen months from the migration date, which allows for twelve months data to be received and a further six months to agree a MIC with the customer or notify them of the revised MIC based on the metering data received.</p>			

Company	Confidential/ Anonymous	6. Do you agree with the Working Group that the communications should be led by the supplier? Please provide your rationale.	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We agree as the Suppliers are already in a contractual relationship with customers; therefore, it is reasonable that the communication should be supplier-led.	Supplier led

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British Gas	Non-confidential	<p>We believe that there should be collaboration between DNOs and suppliers to ensure the best transition for customers. However, given that the MIC is a contractual agreement between the customer and the DNO and in many cases the supplier billing contacts will not be the appropriate contacts to agree a MIC, the communications should be DNO led, with appropriate support from suppliers.</p> <p>As has been highlighted in the consultation, in sending back P432 Ofgem stated: <i>"we expected Network Operators [emphasis added] to engage with customers being moved to HH to ensure that appropriate capacity limits were being set. We understand that no code requirements have been introduced to ensure that this happens and that customers who are moved to HH in response to regulatory (rather than customer) requirements may be at risk of being exposed to higher prices than is appropriate for their usage. We consider that it is important, particularly in the context of current energy prices, that action is taken to address this generally, and specifically in relation to P432"</i>.</p> <p>We believe DNOs need to improve their customer engagement in a world where MICs are required for charging and network management purposes, noting that this requirement could increase further under options being considered in the DUoS SCR, and this isn't something that should be outsourced to suppliers.</p>	Collaboration approach between suppliers and distributors but distributor led (supported by Ofgem send back letter)
National Grid Electricity Distribution	Non-confidential	<p>Yes, communications should be led by the Supplier as they will be collecting the data/agreeing the MIC under Option 3.</p>	supplier

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Npower Business Solutions	Non-confidential	We agree the proposed communications should be led by the supplier, as the supplier will ultimately be in control of when a site needs to move from NHH to HH settlement.	supplier
NPg	Non-confidential	Yes. Suppliers have a direct communication link to customers as they have the billing addresses for each site. DNOs do not hold this information and only have the site addresses which may not be suitable for sending communications to on this matter.	supplier
UK PN	Non-confidential	From experience from the work for P272 DNOs do not have the names, contacts and even the correct address to write to Customers. As such it is vital for any change of this nature to succeed that all communication is led by the appointed Supplier. This will include explaining what the MIC is, the defaulting approach (if taken), the 12 month window and advising the Customer to contact their DNO to agree a MIC within it.	supplier
Electricity North West	Non-confidential	Yes, as they are recognised easily by consumers. We would like the supplier to be the primary point of contact as per question 2.	supplier
<p>Working Group Conclusions:</p> <p>Six respondents supported a supplier led approach with one supporting a Distributor approach but with collaboration between both. The other respondent stated that the question was not applicable to them.</p> <p>The Working Group reviewed the responses and agreed the communication with the customer will be initially led by the Supplier prior to migration and completed by the Distributor when a revised MIC has been calculated.</p>			

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Company	Confidential/ Anonymous	7. Is there any further information that needs to be added to the obligation placed on the supplier? Please provide your rationale	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	None	noted
British Gas	Non-confidential	We believe the obligation should be on the DNO as per above, with appropriate support from suppliers.	Noted
National Grid Electricity Distribution	Non-confidential	No further information	noted
Npower Business Solutions	Non-confidential	No comments.	noted
NPg	Non-confidential	No further information has been identified. What is the mechanism for the Supplier to get the MIC ahead of the migration in order to communicate this to the Customer?	noted
UK PN	Non-confidential	It would be useful if all Suppliers stated the same or at least a similar set of words to keep the communication consistent, including background to the	noted

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		change, what the customer can expect, alongside the impact of not taking appropriate action. These are all vital to be communicated for the success of this change.	
Electricity North West	Non-confidential	<p>Under 19.12A, could 'F' include the consequence that where a customer has not agreed a MIC during the 12-month period post migration the distributor will calculate a revised MIC and the supplier would then notify the customer of that value.</p> <p>We are concerned that customers may not be aware that these charges can change and will be hit with an increased bill, whilst this will reduce the excess capacity charges, it will apply a higher bill. This may need flagging to customers proactively.</p> <p>We would also like added that your data will be shared with your DNO and refer to who their DNO is.</p> <p>'Authorised Supply Capacity' is often used rather than MIC, we would like to ensure this is always consistently referred to as MIC by Suppliers within any communications by Suppliers, and their bill.</p>	noted
<p>Working Group Conclusions:</p> <p>Two respondents identified additional suggestions to the communication.</p> <p>The first respondent suggested a common set of words in the communication, the second sought to add a further addition regarding the distributor revising the MIC at the end of the process if this was not agreed with the customer together with the sharing of information with the distributor and the use of common language within the communication.</p>			

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Company	Confidential/ Anonymous	8. Should the protection offered be a once only protection even though customers may revert back? And are there any unintended consequences Please provide your rationale.?	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We are in favour of a once only protection. Customers would only revert if they thought they'd get a financial advantage. That might be short-lived with the arrival of MHHS.	Protection once only
British Gas	Non-confidential	The issue of reverse migration is caused by an increase in costs driven by a regulatory requirement to migrate, rather than a customer requirement to migrate. To avoid this issue, we prefer a solution which maintains the same structure of charges as is currently applied to all customers migrating to HH until the migration has completed for all customers. We believe this is the only way to 'protect' customers and avoid unnecessary movements between HH and NHH. We are willing to propose an alternative to this effect.	See response to Q1
National Grid Electricity Distribution	Non-confidential	Yes, otherwise there is a possibility that customers will take advantage of the protection.	Protection once only
Npower Business Solutions	Non-confidential	No comments.	noted

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NPg	Non-confidential	Yes, the protection should be offered from the initial HH migration date. The protection is in place to establish a MIC for sites that do not have one, and the MIC would be agreed or calculated after the initial migration period. Should the site be reverted back by their supplier at a later date, the site would already have a MIC from the previous HH migration.	Protection once only
UK PN	Non-confidential	Any protection should only apply for 12 months from first migration. Reverting back is driven by customer choice/action. If a customer did revert back (although the number of these are likely to be very small) they may still have access to HH data or demand data and so will be able to contact their DNO to agree a MIC as required for their future migration.	Protection once only
Electricity North West	Non-confidential	We agree with the Working Group that this protection should only cover the 12 months following the first migration.	Protection once only
Working Group Conclusions: Five respondents supported a one time protection approach, two provided no response and one suggesting that this could be avoided by keeping the customers on an HH aggregated tariff. The Working Group reviewed the responses and concluded that the protection should only be offered once to stop customers from taking advantage of the protection.			

Company	Confidential/ Anonymous	9. Is the additional protection provided in the national terms of connection and the Residual Charges schedules sufficient? Please provide your rationale	Working Group Comments
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Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We believe it is sufficient but needs a bit more clarity on the residual banding – i.e., will it move when the MIC is agreed and does that involve moving up or down a band?	Agreed but further clarity required on residual charges.
British Gas	Non-confidential	We believe that it needs to be made clear that retrospective changes of MIC, made in the guise of protecting the customer, cannot lead to higher overall costs in those historic months.	Noted
National Grid Electricity Distribution	Non-confidential	Yes, as the limitations of capacity still apply unless P4 S16 of DCUSA applies.	agreed
Npower Business Solutions	Non-confidential	No comments.	noted
NPg	Non-confidential	<p>Yes.</p> <p>NTC 2B - We agree that the proposed legal text for Schedule 2B is sufficient.</p> <p>Residual Charges - For Schedule 32 this allows for a site to be reallocated to a different band if the capacity applied as a default was not suitable, without having to meet the existing 50% change/change of use at site criteria. This fits with the intent of the change raised under DCP389 whereby a review of the allocation for 'new sites' (where there was no data when they were initially allocated) is undertaken annually to ensure that the</p>	agreed

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		default used for their initial allocation is appropriate for their actual use and to move these sites to the correct band where necessary.	
UK PN	Non-confidential	We believe that the changes made to the above schedules are sufficient, which is clear to all upon reading these schedules.	agreed
Electricity North West	Non-confidential	Yes – the NTC refers the user Customer back to the Company if the Customer is unsure but gives clear guidance and rules.	agreed
Working Group Conclusions: <p>Five respondents agreed with the amendments to the national terms of connection and the residual charging band although one sought additional clarity on residual charges.</p> <p>One respondent suggested that it needs to be made clear that retrospective changes of MIC, made in the guise of protecting the customer, cannot lead to higher overall costs in those historic months.</p> <p>The other two respondents had no comments.</p> <p>The Working Group reviewed the responses and concluded that two new clauses would be added to the NTCs. The first one to make it clear that the paragraph referring to retrospective changes cannot be applied to the MIC does not apply where Part 4 of Schedule 16 of the DCUSA is applicable. The second one to provide liability protection should the value chosen not be suitable or have an impact on the Connection Assets.</p>			

Company	Confidential/ Anonymous	10. Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted

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SSE	Non-confidential	Yes. We agree it ensures there is a consistent approach in dealing with customers impacted by the P432 and MHHS TOM transition.	Agreed quoting consistent approach
British Gas	Non-confidential	<p>Not in its current form.</p> <p>We consider the change to be negative against charging and general objective (2). The change creates risk to suppliers entering longer term contracts with customers that costs could increase materially during the contract term when the site is migrated to HH. This risk will need to be factored into contracts, which is a poor outcome for customers and which doesn't facilitate effective competition or suppliers will delay migration. Also, as currently drafted, the retrospective application of the MIC would apply even where this resulted in an increase in cost. This is a poor customer outcome and could also result in unrecoverable costs for suppliers if the customer has changed supply and so is another negative impact on competition.</p> <p>We also do not agree that the change has a positive impact on charging objective (3) since the customers have not changed their behaviour, or requested to move to HH settlement and yet will be faced with potentially material changes to DUoS costs based on default values.</p> <p>To the extent that capacity based charge structure may be deemed to be more cost reflective – that is only the case if the MIC is set at an appropriate level and the tariffs are based on the load characteristics of the customers they are applied to. With respect to the MIC, we are concerned that many customers will not engage despite the best efforts of DNOs and suppliers and will be left on inappropriate default MICs.</p>	<p>No</p> <p>Negative on both charging objective 2 and general objective 2</p> <p>Negative on charging objective 3</p>

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		<p>With regards to the derivation of the underlying tariffs we would highlight that for charging years 2022/23, 2023/24 and 2024/25, DNOs have set charges on the basis that these customers will be charged on the aggregated tariff structure. Therefore, the published CT HH 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 CT population, it is highly unlikely that the current published LV CT tariffs will be cost reflective for the PC01-04 CT customers migrating to them. Therefore, we consider the change to be negative against charging objective (3).</p> <p>We consider a more pragmatic solution is to continue to charge these customers on their current DUoS tariff structures until all customers have migrated to HH. This will remove any incentive not to migrate and will give DNOs and customers plenty of time to assess and agree MIC requirements</p>	See response to earlier discussions on this.
National Grid Electricity Distribution	Non-confidential	Yes	Agreed but not specific
Npower Business Solutions	Non-confidential	Yes	Agreed but not specific.
NPg	Non-confidential	<p>Charging Objective Two: is better facilitated by ensuring that network costs are recovered fairly from network users and by reducing harmful distortions which impact competition in the market. This is achieved by reviewing the</p>	Charging objective 2 and 4 is better facilitated

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		<p>allocation to charging bands where a default value has been applied once actual data becomes available.</p> <p>Charging Objective Four: is better facilitated for the reasons outlined in the consultation.</p>	
UK PN	Non-confidential	We support the view of the proposer and working group on how this change better facilitates the DCUSA objectives, although this is on the basis that option 2 is taken forward as the final solution.	Agreed with Sponsor if option 2 is agreed.
Electricity North West	Non-confidential	We believe that as the change will ensure a consistent approach is taken and sufficient time provided for customer engagement that Charging Objectives 3 & 4 will be better facilitated.	Charging Objective 3 and 4
<p>Working Group Conclusions:</p> <p>Apart from the one who stated that the question was not applicable to them, all bar one agree that the objectives would be better facilitated. One respondent caveated their response indicated that this was based on the assumption that Option 2 (default EAC) was the chosen option.</p> <p>The one who disagreed cited a risk to suppliers who wish to negotiate longer term contracts with customers thereby affecting competition. Cost reflectivity is negative because of the use of default tariffs and the expectation that customers will not engage in the process.</p> <p>The Working Group will review the objectives once the solution has been finalised.</p>			

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Company	Confidential/ Anonymous	11. What date do you believe this change proposal should be implemented? Please provide rationale.	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	We initially indicated a preference circa April 2025; however, we are open to the proposed June 2023 date (to align with P432's proposed implementation) but with reservations that all necessary actions/communications could be completed within the timescales.	June 2023
British Gas	Non-confidential	The proposed date seems appropriate	June 2023
National Grid Electricity Distribution	Non-confidential	April 2025 allowing time to collate data and communicate to Customers in a fair and appropriate manner as a consequence of new Licence Condition 10A.	April 2025. WG noted their support for Option 3.
Npower Business Solutions	Non-confidential	We support the proposed implementation date of June 23, as it is our opinion that this CP should be either ahead or concurrent with the implementation of P432.	June 2023
NPg	Non-confidential	We believe the date of implementation should align to the P432 implementation date	June 2023
UK PN	Non-confidential	We support implementation of this change to align to P432, which is currently expected in June 2023, unless there are any system changes required.	June 2023

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Electricity North West	Non-confidential	As system changes will be required as a result of this change proposal the implementation should have a minimum lead time of 6 months following Authority approval.	6 months following Authority approval. System changes have been suggested but the WG believe that this depends on the solution chosen.
Working Group Conclusions: Five respondents supported a June release to align with P432. One suggested April 2025, one 6 months following Authority consent and the other offer no opinion. The Working Group reviewed the responses and believed that the default MIC solution could be implemented relatively quickly although June 2023 would still be an ambitious delivery date. The aggregated tariff solution would take more time to deliver mainly due to this solution requiring new LLFCs so a date of November 23 would be more appropriate for this solution.			

Company	Confidential/ Anonymous	12. Do you have any comments on the draft legal text?	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	No comment	noted
British Gas	Non-confidential	Supplier contacts are unlikely to be the appropriate contact to agree MICs in many cases and so a supplier led approach is likely to fail to achieve the desired effect. We do not agree that the communications should be supplier	noted

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		<p>led and so any obligations set out in DCUSA should reflect that it is for the DNO the engage and agree a MIC, with appropriate support from suppliers.</p> <p>There is potential for migration dates to change to a reasonable degree, and this should be allowed for without resulting in being in breach of DCUSA. An alternative approach could be to have 'estimated migration date'.</p>	
National Grid Electricity Distribution	Non-confidential	No	noted
Npower Business Solutions	Non-confidential	No comment	noted
NPg	Non-confidential	<p>'CT' Definition. "which is then passes" should be either "which then passes" or "which is then passed"</p> <p>'Meter Serial Number' has been added as a defined term, but the only reference to it is not capitalised in 19.12A.</p> <p>Schedule 2B 12.15 needs a space between 'Clauses12.13'</p> <p>Schedule 16 184 – "or" is repeated partway through the first sentence and the last sentence.</p>	noted
UK PN	Non-confidential	Not at this time.	noted

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Electricity North West	Non-confidential	We believe the legal text should deliver the intent of this change proposal.	noted
Working Group Conclusions: Two respondents provided additional information on the legal text. The first cited a preferred distributor approach rather than a supplier led one together with a more flexible migration approach and the second highlighting some typographical errors. The Working Group reviewed the responses and included the suggestions within the final solution.			

Company	Confidential/ Anonymous	13. Do you have any further comments on this change proposal??	Working Group Comments
Shell Energy UK Limited	Non-confidential	N/A	noted
SSE	Non-confidential	No further comment.	noted
British Gas	Non-confidential	We prefer a solution which maintains the same structure of charges as is currently applied to all customers migrating to HH until the migration has completed for all customers. We believe this is the only way to 'protect' customers and avoid unnecessary movements between NHH to HH and back to NHH. We are happy to propose an alternative to this effect.	See earlier response in question 1

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National Grid Electricity Distribution	Non-confidential	No.	noted
Npower Business Solutions	Non-confidential	No comment.	noted
NPg	Non-confidential	None at this time.	noted
UK PN	Non-confidential	Not at this time.	noted
Electricity North West	Non-confidential	No.	noted
Working Group Conclusions: No comments were received that were not covered by a response to an earlier question.			