




DCUSA Change Report		At what stage is this document in the process?
<h1>DCP 414</h1> <h2>DCP Title: Transitional Protection for NHH CT</h2> <h2>Customers affected by regulatory change.</h2> <p><i>Raised on the 18 October 2022 as a Standard Change</i></p>		01 – Change Proposal
		02 – Consultation
		03 – Change Report
		04 – Change Declaration
<b>Purpose of Change Proposal:</b> DCP 414 seeks to provide transitional protection for Non-Half-Hourly Current Transformer customers moving to Half-Hourly settlement & prevent penal excess capacity charges being applied to customers in any instance that the Maximum Import Capacity is a zero value because there is no site-specific connection agreement in place between users & Distribution Network Operators.		
	This document is issued in accordance with Clause 11.20 of the DCUSA, and details DCP 414 'Transitional Protection for NHH CT Customers affected by regulatory change'. Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> by 12 June 2023.	
	The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.	
	If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a> or telephone 020 7432 3011.	
	Parties Impacted: Suppliers/DNOs/IDNOs.	
	Impacted Clauses: Section 2A – Schedule 2B – Schedule 16 - Schedule 17/18 – Schedule 32.	

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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	18 October 2022
Consultation one issued to Parties	14 November 2022
Consultation two issued to Parties	10 January 2023
Consultation three issued to Parties	16 March 2023
Change Report issued to Panel	17 May 2023
Change Report issued for Voting	19 May 2023
Party Voting Ends	12 June 2023
Change Declaration Issued to Parties	June 2023
Change Declaration issued to Authority	June 2023
Authority Decision	TBC
Implementation Date	April 2024

## 1 Executive Summary

### What?

- 1.1 The Proposer suggests that the purpose of this Change Proposal (CP) is threefold as follows:
- To remove the excess capacity rate on new Half-Hourly (HH) customers where there is no Maximum Import Capacity (MIC) available;
  - To make arrangements for the transitional protection for Non-Half-Hourly (NHH) Current Transformer (CT) customers affected by Balancing and Settlement Code (BSC) Modification P432<sup>1</sup> and Market-wide Half-Hourly Settlement (MHHS); and
  - To ensure a fair and consistent approach is adopted wherever a change of residual charging band occurs as a consequence of regulation change.

### Why?

- 1.2 To enact the Code Change and Development Group (CCDG) recommendation to carry out Change of Measurement Class (CoMC) ahead of the required migration to the MHHS Target Operating Model (TOM), on the basis that it is a key enabler to facilitate the transition of the Advanced metered segment to the MHHS TOM by placing obligations on BSC parties for CT Advanced Meters ahead of the migration to MHHS to become HH settled.
- 1.3 On 26th August 2022 the Authority decided to send back P432<sup>2</sup> citing two reasons that require further development to enable the authority to make a final decision. The first reason is in relation to the proposed timings to implement P432 considering the current market conditions, which is being addressed by the P432 working group and explained further in later paragraphs. The second reason is in relation to the likelihood of excess capacity charges being applied to customers in scope of the P432 solution, for which this modification seeks to address. The below extract from Ofgem's Decision to send back P432 outlines this:

*"We understand and appreciate the benefits of de-risking the MHHS Programme and as such agree with the recommendation made by the CCDG to migrate CT Advanced Meters ahead of MHHS migration. However, we also recognise that in current market conditions, which have changed since this modification's conception, it may not be appropriate to require suppliers to prioritise migration of CT meters over the coming months.*

*We also agree with concerns that costs to customers might increase inappropriately if their capacity requirements are not properly understood ahead of migration. We indicated in [our](#)*

<sup>1</sup> [P432 'Half Hourly Settlement for CT Advanced Metering Systems' - Elexon BSC](#)

<sup>2</sup> [Decision to Send Back Modification P432 'Half Hourly Settlement for CT Advanced Metering Systems' | Ofgem](#)

*[decision on DCP161](#)<sup>3</sup> that we expected Network Operators 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”*

## How?

- 1.4 This CP aims to create transitional protection for customers affected by P432 and for any other regulatory reason that requires users to move from NHH-HH including MHHS programme requirements<sup>4</sup>.
- 1.5 Many elements of the required protections have been provided by amending the transitional text implemented by DCP248<sup>5</sup> 'Providing protection for customers against being charged inappropriate capacity charges during the implementation of P272', as described in Clause 19 and Schedule 16, Part 4 of the DCUSA.
- 1.6 After all consultation responses from the three consultations were considered two, solutions have been offered for consideration.

## Solution A – Default MIC

### Clause 19

- 1.7 The transitional protection section in Clause 19 has been amended to cater for P432 and any other CT Metering Points migrated during the MHHS Programme. In addition, an obligation has been placed on suppliers to communicate with their customers, as part of the migration process, regarding the protection that is to be provided and the process to be adopted where a default MIC value has been used where none was agreed in advance.
- 1.8 The customer is to be contacted by the Distributor to replace the default MIC where a revised value has been calculated from actual metering data received during the transition period and the customer is to be notified of their rights under the National Terms of Connection.

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<sup>3</sup> [Decision to defer implementation of DCP161 | Ofgem](#)

<sup>4</sup> [Programme Overview - MHHS Programme](#)

<sup>5</sup> [Providing protection for customers against being charged inappropriate capacity charges during the implementation of P272 - DCUSA](#)

## Schedule 16 Part 4

- 1.9 Currently this covers the provision to retrospectively apply the MIC for a period of 12 months for P272 “Mandatory Half Hourly Settlement for Profile Classes (PCs) 5-8”<sup>6</sup> migration. This has been amended to cater for P432 and CT Metering Points migrated during the MHHS Programme.
- 1.10 Rather than provide a sunset clause which closed off the provisions of P272 protection on 31st March 2017, this has been amended to 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.
- 1.11 Where the default MIC is replaced with a revised MIC then:
- If the revised MIC is lower than the default it will be applied retrospectively from the date of the migration.
  - if the revised MIC is higher than the default it will be applied retrospectively from the date the MIC breached the default value.
- 1.12 This ensures that the customer is protected from either excess capacity charges due to the default MIC being set too low or being overcharged capacity charges where it is set too high.

## Schedule 32

- 1.13 An amendment to the exceptional Circumstances section has also been added to paragraph 6.1A to provide an additional criterion to where a Final Demand Site may be reallocated to a different charging band. This now caters for where there is a change to the Maximum Import Capacity, in accordance with Part 4 of Schedule 16.

## Solution B – New Aggregated Tariff

### Clause 19

- 1.14 The approach is the same as Solution A but with slightly different obligations. The supplier leads the process and notifies the customer of the process to be followed but instead of notifying the customer of a default MIC it informs the customer that a new aggregated tariff will be applicable during the migration and transition period. The new aggregated tariff has the same components and tariff values as the existing aggregated tariff, but is applicable to HH billed customers.
- 1.15 The customer is to be contacted by the distributor following an assessment post transition to<sup>7</sup>:
- allocate a MIC which has been calculated from actual metering data received during the transition period;
  - move to a site specific tariff based on that MIC, where applicable;
  - notify the customer of their rights under the National Terms of Connection.

## Schedule 16

- 1.16 The tariff names of “LV Domestic Aggregated” and “LV Non-Domestic Aggregated” have been retitled to “LV Domestic or CT Aggregated” and “LV Non-Domestic or CT Aggregated” and amendments

<sup>6</sup> [P272 - Elexon BSC](#)

<sup>7</sup> Domestic customers can choose to remain on aggregated billing or move to site-specific billing.

have been made throughout the schedule to make these tariffs available not just to aggregated settled measurement class A, F and G customers but also to site specific measurement classes C and E.

- 1.17 Part 4 of schedule 16 has been amended to cater for P432 and CT Metering Points migrated during the MHHS Programme and to specify that at the point of migration customers will be assigned to an aggregated tariff, but actual data will be received on a site-specific basis due to the move to measurement classes C or E.
- 1.18 The distributor shall reasonably determine an appropriate MIC, having regard to the maximum demands in the transition period and shall notify the Customer.

### Schedule 17 and 18

- 1.19 Amend the tariff name in Paragraph 25.3 of both Schedules relating to Supplier of Last resort.

### Common to both solutions

### Schedule 2B

- 1.20 Schedule 2B “National Terms of Connection (NTC)”, Section 3, Clause 12 “Limitations of capacity” specifies that retrospective changes cannot be applied to the MIC. An additional clause has been added to make it clear that such clauses do not apply where Part 4 of Schedule 16 of the DCUSA is applicable.
- 1.21 An additional clause has also been added to provide liability protection should the MIC value chosen not be suitable or has an impact on the Connection Assets.

## 2 Governance

### Justification for Part 1 Or Part 2 Matter

- 2.1 This CP should be treated as a Part 1 Matter as it is likely to have a significant impact on the interests of electricity consumers (see Clause 9.4.1). It should also be noted that this has been raised following the Authority’s decision to send back P432.

### Requested Next Steps

- 2.2 The Panel has considered whether the Working Group have carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 414.
- 2.3 The DCUSA Panel recommends that this CP:
  - be issued to Parties for voting.

### 3 Why Change?

#### Background of DCP 414.

- 3.1 The DCP 161 'Excess Capacity Charges'<sup>8</sup> implemented in April 2018 introduced the ability for DNOs to apply an excess capacity charge to reflect costs and charges a DNO could incur wherever sites demand exceeds the MIC.
- 3.2 In 2015, Ofgem deferred the implementation of DCP161 to enable industry to work through the bulk of NHH-HH migrations in line with P322 "Revised Implementation Arrangements for Mandatory Half Hourly Settlement for Profile Classes 5-8"<sup>9</sup>, resulting in DCP161 implementation one year later than (as opposed to before) the P272 mandate completed. This meant most customers that moved to HH via P272 were not charged at an excess capacity charge, even those who had not agreed a MIC. Therefore, this presents a strong case to prevent excess capacity charges being levied on customer bills in the first instance, as opposed to the reconciling once a MIC is agreed, which could take 12 months to achieve.
- 3.3 In addition, DCP 385 "No Retrospective Capacity Reductions" implemented on 4th November 2021 also prevents customers from retrospectively agreeing a MIC on the basis that capacity charges should send cost signals to reflect current and future (as opposed to retrospective) availability of capacity across a distribution network, in accordance with the Charging Methodology (Schedule 16) and LC14 Charging Statements, any changes to the MIC are only applied going forwards.
- 3.4 DCP161 and DCP385 were implemented in a window between P272 in 2017 and P432 being raised in December 2021. DCUSA Schedule 16 (CDCM) part 4 provided protection for customers affected by BSC Modification P272, which was and remains a regulatory (rather than customer) requirement to move customers to HH. The scope of P272 focussed on moving PCs 05-08 meters only which by PC definition required settlement meters to have maximum demand (MD) recording capability. As such meters were configured to record a maximum demand (kW and/or kVA) resulting in Meter Point Administration Number (MPAN) allocation to the PCs 05-08 range. This requirement does not extend to meters allocated to PCs 01-04, reducing the likelihood of being able to collect the required data to inform the capacity level for each MIC.
- 3.5 DCP161 and DCP385 have addressed defects applicable to customers who are established CT HH customers. As such, reversing the changes to cater for the remaining NHH CT customers to move into HH settlement could send inappropriate cost signals to the existing HH market, even if enacted on a temporary basis to facilitate the required CoMC activity.

#### Background to P432

- 3.6 The combined total of NHH CT Meters in scope of P432 and those not in scope of P432 (not advanced CT meters) is estimated to be 50,000, accounting for approximately 800 – 1,500 GWh per

<sup>8</sup> [Excess Capacity Charges - DCUSA](#)

<sup>9</sup> [P322 - Elexon BSC](#)



year [1-2% of the total Supplier Volume Allocation import volume] moving to HH Settlement via the existing CoMC process, such that all CT Metering Systems will be settled HH no later than migration for the Advanced segment under MHHS TOM.

- 3.7 If P432 is approved, then CoMC activity would see Domestic CT users transfer from Measurement Class A (NHH) to Measurement Class F (Domestic HH) and Non-Domestic CT users with Advanced CT meters connected transfer from Measurement Class A to Measurement Class C (more than 100kW) or Measurement Class E (100kW or less). DCUSA Schedule 16 (CDCM) outlines that where a non-domestic user moves from aggregated Distribution Use of System (DUoS) tariffs to site specific DUoS tariffs, capacity charges become a separate chargeable item, with a capacity charge rate and an excess capacity charge rate, which are both charged on a p/kVA/day basis, and represented as such in the network bill, concurrent with the CoMC EFD.
- 3.8 As noted in Section 1 above, the Proposer suggests it may also be appropriate to consider further changes to better enable supplier and DNO sharing of information. The rationale for this suggestion is the potential that the P432 migration window could be more than 2 years and is likely to overlap with the MHHS TOM Transition. Ultimately the requirement to ensure a MIC is in place does not go away and in turn DCUSA parties should actively promote and collaborate to ensure a MIC is in place at the earliest opportunity, particularly where it can be informed by accurate information early (e.g. customer data, loads tests etc). As such DNOs may want to understand and in turn plan their resource for agreeing MICs, which would require suppliers to share information on the basis that they control the CoMC process. As such it may be appropriate to provide transitional clauses to facilitate such requirements in Section 2A – Distributor to supplier/Generator relationships.
- 3.9 The methods of transition to HH settlement under P432 (Via CoMC) and MHHS Transition (TBC but likely to be by connection type) are going to be different, as measurement classes will not exist under the MHHS TOM arrangements. P432's current proposed migration window may also enable the ability for suppliers to migrate Advanced CT meters into the MHHS TOM rather than CoMC because the M11 "Advanced & UMS segment go live" MMHS programme milestone is earlier than the proposed completion date for NHH-HH activity under P432. The issues that prevent a customer's ability to set a MIC in advance remain the same for both P432 and MHHS TOM, which provides the rationale for this modification to implement a solution that prevents excess capacity charging from occurring for the entire NHH CT metered population transitioning to HH settlement arrangements, as opposed to just Advanced CT meters impacted by P432's proposals.

## Additional Background to this CP

- 3.10 A key element in calculating a site specific MIC requires the measurement of reactive power (kVArh) as well as active power (kWh) for HH settlement periods. Currently NHH advanced CT meters allocated to PC 01-04 do not have requirements in place to measure maximum demand. As such it is likely in many cases that the Meter Equipment Manager will be instructed to re-configure the advanced meter to include the reactive power recording measurements on the meter around the time the MPAN becomes HH, in order to meet requirements defined in each DNO's Licence Condition (LC) 14 Use of System Charging Statements.



- 3.11 In practical terms, the reason why suppliers may choose to configure metering in line with the MPAN HH EFD is because the act of re-programming an advanced meter may result in the loss of required NHH tariff configurations, which form a key part of NHH settlement arrangements as well as customer billing.
- 3.12 This means that many of the existing NHH advanced CT meters in scope of P432 will not currently be recording reactive power measurements of any kind. This makes it challenging for customers to accurately inform the MIC ahead of moving to HH settlement, leading to customer exposure against the excess capacity charging rate for any capacity taken above the MIC. Conversely if an assumption of reactive power is made (e.g. through a power factor assumption if historical active power HH data is available) then the MIC level could be set too high, which could not be retrospectively adjusted because of the DCP385 solution. As such calculating and agreeing a MIC with a customer in advance of moving to HH settlement is both problematic and can cause financial detriment to customers by being exposed to higher prices than is appropriate for their use of the network.
- 3.13 If suppliers were to CoMC NHH advanced CT customers to HH settlement from PC 03-04 without customers agreeing a MIC with their DNO, therefore resulting in a zero MIC being applied to the MPAN, capacity charges could be levied only on the higher excess capacity charging rates for all demand.

## 4 DCP 414 Working Group Initial Assessment

- 4.1 The DCUSA Panel established a Working Group to assess DCP 414. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website.
- 4.2 The Working Group reviewed the CP and noted that it had been raised following Ofgem's send back of BSC modification P432. This was sent back to ensure that costs to customers do not increase inappropriately if their capacity requirements are not properly understood ahead of migration. Ofgem also stated 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. An extract of the Ofgem statement is in paragraph 1.3 together with a link the P432 send back decision document.
- 4.3 The Ofgem representative advised that the position with the BSC Modification is that Ofgem weren't comfortable for that activity to begin until a solution is set in place on the DCUSA side.
- 4.4 It was clear that this CP could also extend to the MHHS migration. As P432 scope is limited to advanced meters and there may be some CT metered customers who did not transition during P272. Therefore, this same methodology could be applied to the MHHS migration.
- 4.5 The communication between parties and customers was discussed. During DCP 248 'Providing protection for customers against being charged inappropriate capacity charges during the implementation of P272', this was distributor led. The Working Group agreed to explore this further with contributions from suppliers. For this to be developed, it was helpful to understand if there were any lessons learned from the industry changes raised to support the migration due to P272.

- 4.6 The Working Group discussed the current Change of Measurement Class process specifically where this related to CT customers moving from NHH to HH measurement classes that would result in tariffs with a separate capacity charge.
- 4.7 One area that needed to be considered was transitional protection that will be required for these customers and ultimately the proposal was seeking to have a fairer and more transparent way of charging customers migrating to HH settlement.
- 4.8 The Working Group also considered the implementation timeline. P432 had an implementation date of June 2023 as long as the Ofgem decision is made by April 2023. If the Ofgem decision comes later than April 2023 the implementation date will be 3 months post decision. Based on this the suggested date for DCP 414 was also June 2023.
- 4.9 Another area the Working Group wanted further information on during the initial consultation was whether the current process for moving customers from NHH to HH is automated or manual, and if the former what would the likely system impact be because of the currently proposed solution.
- 4.10 A series of questions were developed which the Working Group believe would assist in developing the solution that formed part of the first consultation with outcome of the results assisting in the solution.

## 5 DCP414 Consultations

- 5.1 The Working Group undertook Three consultations during the development of the change proposal.

### Consultation 1

- 5.2 The first consultation was issued to parties on 14 November 2022. There were nine responses received to the consultation. The Working Group's conclusions can be found in **Attachment 3 DCP 414 Consolidated Consultation 1 Responses**, with a summary of each shown below.
- 5.3 All respondents understood the intent of the change proposal, with six of the nine respondents supporting the principles. Those that didn't stated that there was either no rationale for treating customers differently or they did not support P432.
- 5.4 Respondents identified several lessons learned during the transition of P272, ranging from providing as long a transition period as possible so that accurate data can be obtained, to that the process should be supplier led and communication with the customer being important.
- 5.5 The respondents stated that the existing process for establishing the MIC when a site charges from NHH to HH is manual and either uses known capacity data, data provided by the customer or the use of a default value.
- 5.6 The number of customers identified as impacted by this change is circa 60,000. P432 suggested around 50,000 impacted customers which was derived from data in 2018.
- 5.7 Many respondents mentioned that if, in the absence of a valid MIC, the process once a site has migrated to HH settled was to charge the customer at the capacity charge rate on the total demand, rather than charging the excess capacity charge rate on demand over the MIC (which

may be set to zero in this case), then new tariffs, new Market Domain Data and new Line Loss Factor Classes would be required. This would require changes to the CDCM which would indicate an implementation date of April 2025, unless a derogation was granted, as CDCM changes typically take no less than fifteen months.

- 5.8 One respondent raised that a process could be introduced similar to the P272 process by having a default MIC and reconciliation at the end of the transition period.
- 5.9 On potential wider industry developments, over and above those already known, one respondent identified the reverse migration phase within the MHHS Programme, where a site may move to HH and then move back to NHH.
- 5.10 Most of the responses supported an implementation date in line with P432. There was concern however that if billing systems required changing, the testing period for these changes could take up to six months so there was a risk that the initial stated implementation date for DCP 414 (June 2023) would create a risk as there wouldn't be enough time to rigorously test the changes that would be needed.
- 5.11 Another respondent stated that April 2025 would be an appropriate implementation date.

#### Areas for consideration

- 5.12 After consideration of the first consultation responses, the Working Group identified the following areas for further consideration:
- MIC charging;
  - Scope of the change proposal;
  - Communications approach;
  - Reverse migration; and
  - Additional protection (National Terms of Connection and Schedule32).

#### MIC Charging

- 5.13 The Working Group identified three options for the solution. These were:
- Matching excess capacity charging rate to capacity charging rate;
  - Using default values, similarly to what was used for P272; or
  - Agree the MIC prior to migration.

#### **Option 1 - Matching excess capacity charge rate to capacity charge rate.**

- 5.14 Distributors would need to amend the excess capacity charge rate to be the same as the capacity charge rate which would result in a new set of tariffs being introduced. In addition, post the migration, distributors would then need to "unpick" the changes back to their current state. This option is the one contained within the change proposal and feedback on this was received during the first consultation.

- 5.15 Parties raised concerns over the proposed solution indicating that it would:

- take too long to implement;
- impact distributors systems and processes significantly;
- lead to CDCM changes and model changes which would mean an implementation date of 2025 or derogations required from the Authority; and
- curtail the migration window for P432.

### **Option 2 - Using default values**

- 5.16 The distributors would need to introduce a default value for all customers that did not have a MIC. There would be an enhanced reconciliation process whereby the distributors would reconcile the MIC value after twelve months based on metered data and any network constraints during that period, if not agreed with the customer in that intervening period. Any existing rights on capacity changes will remain noting that the National Terms of Connection preventing any amendments to the MIC would not apply during the twelve months post migration.
- 5.17 A number of respondents suggested the use of a default MIC within their consultation response. The Working Group believe that this is the easiest option to develop and implement and give the most optimal outcome for customers. It was also noted as the solution that could be delivered alongside P432.
- 5.18 If this Option is supported, the Working Group believe that rather than the industry determining the default value the distributors should decide what the value should be individually, especially since these values are already part of some distributors' systems and processes.
- 5.19 An argument was put forward to determine a more accurate default value based on the type of customer rather than one value fitting all. Whilst this approach may provide a more accurate value, it is still an estimate, would result in significant work in advance to obtain the data, agree industry values by customer type and process time in entering the data on the distribution systems. In addition, the value of a default is that it is easily identifiable (i.e. that a customer has a default MIC) and the advanced reconciliation process will mitigate any inaccuracies.
- 5.20 The Working Group opted to leave the default value to the discretion of the distributor and this would need to be provided to suppliers as part of the communication to customers.

### **Option 3 - Agree the MIC prior to migration**

- 5.21 This process would require suppliers to ensure that their agents can collect the data needed to calculate the MIC in advance of migration. This option was developed because some of this data may already be available, and the metering equipment will need to be configured to provide it at the change of measurement class stage. The MIC could be either calculated or agreed with the customer prior to migration thereby avoiding the need for any system changes associated with Option 1.
- 5.22 The Working Group agreed that this option would still need to have a MIC default value included for sites where such data has not been made available and this change proposal would not prevent a customer agreeing a MIC in advance of the migration.

- 5.23 It was also noted that this option may also require some Retail Energy Code changes around Meter Equipment Managers and suppliers.
- 5.24 The Working Group believed that option 2 was the best solution to develop further.

#### Scope of the change proposal

- 5.25 The scope of the change is broad enough to not only cater for P432 but also for any other NHH CT metered customers that are not covered by the BSC Modification that will be migrated during the MHHS Programme.
- 5.26 It is clear from the feedback during the first consultation that the P272 migration still has some customers that have not migrated. These customers will be picked up by the MHHS Programme and will need to have the same protection provided initially by P272 (which has now lapsed due to a sunset clause) and avoids a further change proposal.
- 5.27 The Working Group agreed to cater for both the migrations of P432 and the MHHS migrations scenarios.
- 5.28 The Working Group then discussed whether to have a sunset clause. The MHHS Programme is still developing, and consulting on, a replan where the date of the transition period may be amended.
- 5.29 Equally P432 is suggesting that the migration is completed by the MHHS Transition Timetable M14 milestone (all suppliers must accept MSIDs under the new TOM (one way gate) which is circa six months later than M11 (start of 1 year migration for UMS/Advanced)).
- 5.30 Notwithstanding the reverse migration that M14 could introduce (covered later in this document in paragraph 5.35) the Working Group therefore favoured a twelve-month period from the migration date of each Metering Point. This is a more flexible approach since the migration needs to cover both the P432 timescales and those of the MHHS Programme.

#### Communications Approach

- 5.31 The Working Group discussed the communications required for the change proposal. It recognised the concerns raised within the first consultation regarding the approach adopted for P272 and agreed that this did not work satisfactorily. There was support for this to be led by suppliers. Suppliers have the main relationship with the customer, they have their contact details and more importantly they will be leading on both the P432 migration and the MHHS migration.
- 5.32 As part of the amendment to DCUSA Clause 19 covering the transitional protection an additional obligation has been placed on suppliers to communicate with their customers, as part of the migration process, on the protection that is to be provided and the process to be adopted on MIC values where none is agreed in advance.
- 5.33 The Working Group agreed that communication prior to migration should include as a minimum the following information:
- Site address information, including MPAN and meter serial number;
  - Reason for the correspondence;

- Migration date;
- Maximum Import Capacity, or if not already agreed with the Customer, MIC default value;
- Distributor's contact details; and
- Explanation of the consequences and protections offered, including any amendment to the MIC and any rebates that may be warranted.

### Reverse migration

- 5.34 There is a window where a customer moves to HH settlements but may move back to NHH settlements. Whilst ultimately, they will eventually be settled HH this may result in a customer entering the protection offered by this change proposal and then reverting back.
- 5.35 The Working Group considered the impact and have suggested that this protection should only cover the twelve months following the first migration.

### Additional protection (NTC and Schedule32)

- 5.36 Schedule 2B "National Terms of Connection (NTC)", Section 3, Clause 12 "Limitations of capacity" specifies that retrospective changes cannot be applied to the MIC.
- 5.37 To counter this the Working Group have added an additional paragraph to make it clear that such obligations do not apply where Part 4 of Schedule 16 of the DCUSA is applicable.
- 5.38 An amendment to the Exceptional Circumstances section of schedule 32 has also been added to paragraph 6.1A to provide an additional criterion to where a Final Demand Site may be reallocated to a different charging band. This now caters for where there is a change to the MIC, in accordance with Part 4 of Schedule 16.

### Consultation Two

- 5.39 The second consultation was issued to parties on 10 January 2023. There were eight responses received to the consultation. The Working Group's conclusions can be found in **Attachment 4 DCP 414 Consolidated Consultation 2 Responses** with a summary of each shown below.
- 5.40 Of the eight responses, five preferred option 2 (using default values) and one supported option 3 (Agree the MIC prior to migration). There was no support for option 1 (Matching excess capacity charge rate to capacity charge rate).
- 5.41 There were two respondents who offered similar alternative approaches. These two respondents where both suppliers and the two suggested alternative approaches were similar.
- Alternative 1 - these 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.

- 5.42 Where a customer had not agreed a MIC during the twelve-month period post migration, there was overall support that the distributor should calculate the MIC and inform the customer.
- 5.43 The majority of the responses (five) were in favour of the distributor determining the Default MIC value, another respondent believed the Default MIC should be a common value across the industry.
- 5.44 The majority of the respondents were in agreement that CT Metered Customers not covered by P432 should be extended the same protection when transitioning to HH settlement.
- 5.45 Six respondents agreed with a defined period being set rather than a sunset clause. One respondent added that it should be longer than twelve months suggesting that twelve months of data should be used and then a minimum of three months to agree the revised MIC value.
- 5.46 Regarding whether the communications approach should be led by the supplier, six respondents supported a supplier led approach, with only one respondent supported a distributor approach however with collaboration between both the distributor and supplier.
- 5.47 Two respondents also noted that the communications approach would be supported if there was use of common language within the communication across parties.
- 5.48 In response to whether the protection offered should be a once only protection, most of the respondents (five) supported a onetime protection approach.
- 5.49 Most respondents agreed with the amendments to the National Terms of Connection and the residual charging bands however, one respondent suggested that it needed 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.
- 5.50 The table below provides a summary of each of the respondent's views on which DCUSA objectives would be impacted by the change.



Charging Objectives						
Responder	1	2	3	4	5	Overall response
Responder 1						N/A
Responder 2						Yes
Responder 3		Negative	Negative			Negative
Responder 4						Yes
Responder 5						Yes
Responder 6		Positive		Positive		Positive
Responder 7		Positive	Positive	Positive		Positive
Responder 8			Positive	Positive		Positive

General Objectives						
Responder	1	2	3	4	5	Overall response
Responder 1						N/A
Responder 2						Yes
Responder 3		Negative				Negative
Responder 4						Yes
Responder 5						Yes
Responder 6						N/A
Responder 7		Positive				Positive
Responder 8						N/A

5.51 Where the implementation date was concerned, five respondents supported a June 2023 release to align with P432. Another respondent suggested April 2025, and the final respondent who offered a view stated six months following Authority consent.

### Consultation two conclusions

5.52 After reviewing the second consultation responses, on the key question of which option to progress 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.

5.53 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.

### Solution A – Default MIC value

5.54 The distributor will decide on the default MIC value were there has been no agreement with the customer in advance of the migration for either P432 or CT customers migrating due to MHHS.

5.55 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.

5.56 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.

5.57 Where the default MIC is replaced with a revised MIC then:

- If the revised MIC is lower than the default it will be applied retrospectively from the date of the migration.
- if the revised MIC is higher than the default it will be applied retrospectively from the date the MIC breached the default value.

5.58 This ensures that the customer is protected from either excess capacity charges due to the default MIC being set too low or being overcharged capacity charges where it is set too high.

5.59 Two additional clauses have been added to the National Terms of Connection. The first one to make it clear that the paragraph stating that 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.

5.60 An amendment to the exceptional circumstances section of Schedule 32 of the DCUSA has also been added to paragraph 6.1A to provide an additional criterion to where a Final Demand Site may be reallocated to a different charging band. This now caters for where there is a change to the Maximum Import Capacity, in accordance with Part 4 of Schedule 16.

## Solution B – New Aggregated Tariff

- 5.61 This solution effectively keeps the customers on the same tariff as they are now by making it available to Measurement Class C and E. This is achieved by changing the name of the tariff and several changes to the CDCM schedule.
- 5.62 It applies the same tariff components as the NHH domestic and NHH non domestic tariffs but requires the creation of new LLFCs to differentiate between NHH and HH settled arrangements.
- 5.63 The Working Group contacted Elexon to determine the impact on whether to:
- use existing LLFCs;
  - create new measurement classes; or
  - create new LLFCs for use on Measurement Class C or E.
- 5.64 Elexon advised that their favoured approach would be the creation of new LLFCs however consideration needed to be given to the timescale to create them.
- 5.65 The Working Group acknowledged that when new LLFCs were created for the Targeted Charging Review (TCR), this was done in batches consisting of releases every five weeks. It was clarified that there will need to be new LLFCs but the volumes are likely to be much lower than those created for the TCR. The Working Group agreed that this could potentially cause a delay in delivering this change.
- 5.66 The communications approach would be the same as Solution A, initially supplier led and concluded by the distributor with a slightly different message based on the solution but the need to provide contact details being the same.
- 5.67 Within six months following the completion of either twelve months post migration or twelve months post MHHS M15 milestone (discussed further within the consultation section below) the distributor assesses whether to continue to apply the aggregated tariffs or apply Site Specific tariffs based on the actual metering data received post migration.
- 5.68 Where demands in excess of 69kVA have been calculated the distributor shall reasonably determine an appropriate MIC, having regard to the maximum demands in that period and shall notify the customer.
- 5.69 Two additional clauses have been added to the National Terms of Connection. 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.
- 5.70 An amendment to the exceptional circumstances section of Schedule 32 of the DCUSA has also been added to paragraph 6.1A to provide an additional criterion to where a Final Demand Site may be reallocated to a different charging band. This now caters for where there is a change to the Maximum Import Capacity, in accordance with Part 4 of Schedule 16.

## Consultation Three

- 5.71 The third consultation was issued to parties on 16 March 2023. There were twelve responses received to the consultation. The Working Group's conclusions can be found in **Attachment 5 - DCP 414 Consolidated Consultation 3 Responses** with a summary of each shown below.

**Question 1: Does Solution B require a derogation and if so, what type of derogation would be needed? Please provide rationale.**

- 5.72 Seven respondents believed a Derogation would be required.
- 5.73 Two respondents didn't offer any comment.
- 5.74 A further two respondents believed no derogation was required.
- 5.75 Another respondent didn't believe that a derogation was required but requested that legal steer was sought from the DCUSA legal advisors.

**Question 2: When should the assessment commence, twelve months post migration or twelve months after the M15 milestone? Please provide rationale.**

- 5.76 Seven respondents stated that window for collating data should be twelve months post migration.
- 5.77 Four respondents believed the window should be twelve months post the M15 milestone.
- 5.78 One respondent didn't offer any comment.

**Question 3: How long should the assessment period last for each option? Please provide rationale.**

- 5.79 Nine respondents believed that six months should be the length of the assessment period for both options.
- 5.80 One respondent believed the assessment window should be twelve months and another respondent didn't offer comment.
- 5.81 One respondent stated that for option A, the assessment window should be eight months and for option B it should be six months.

**Question 4: Should customers only be moved to a site specific tariff if their calculated capacity is above 69kVA or should it be all customers in line with the current CDCM? Please provide your rationale.**

- 5.82 The responses to this question were slightly mixed with six responses favouring only customers with a capacity above 69kVA being moved to a site-specific tariff.
- 5.83 Five respondents believed it should be all customers,
- 5.84 One respondent didn't offer a comment.

**Question 5: Should Domestic customers still retain optionality on whether to be charged on an aggregated basis or a site-specific basis? Please provide your rationale.**

- 5.85 Most respondent (six) said domestic customer should retain the optionality.
- 5.86 Two respondents stated domestic customers should not retain the optionality on whether to be charged on an aggregated basis or a site-specific basis.
- 5.87 Two others didn't offer a comment.

- 5.88 Two respondents who believed domestic customers should retain optionality stated that domestic customers were out of scope for this change.

**Question 6: Which of the two Solutions do you prefer, Solution A or Solution B? Please provide your rationale.**

- 5.89 Six Respondents supported solution A and six supported solution B.
- 5.90 As there was a tie for the preferred solution within the consultation responses, the Working Group also undertook a vote. Eight Members of the Working Group voted and the outcome of was another tie with four Working Group Members supporting solution A and four supporting Solution B
- 5.91 Benefits to solution A are that it is consistent with what happened previously with P272 and may be easier for customers to understand.
- 5.92 Benefits to solution B were noted as it is offering protection to customers as they would remain on the same tariff, and it would negate the potential for reverse migration.
- 5.93 One Working Group member highlighted a risk for solution A in that when a similar process was followed for P272, the use of default MICs on sites where data hadn't been received led to distributors having to reinforce networks as a default MIC had been applied. In some cases, albeit remote cases, when actual data was received at a later date, some of these reinforcements were not needed.

**Question 7: Is there anything in either Solution that would be an improvement to the other Solution? Please provide your rationale.**

- 5.94 Seven respondents stated neither solution had anything that would benefit the other.
- 5.95 Two respondents believed that the 69kVA threshold should be removed for both solutions.
- 5.96 One response stated that the 69kVA threshold should be used for both solutions.
- 5.97 One respondent noted that there isn't an obligation on DNOs to proactively engage with customers.
- 5.98 The same respondent to the above concern also raised a second concern around the retrospective application of charges. The respondent also noted that there isn't any reference as to when these charges could be backdated to.

**Question 8 Do you consider that Solution A better facilitates the DCUSA objectives? Please give supporting reasons.**

- 5.99 Seven respondents stated General objective two was better facilitated,
- 5.100 Five stated charging objective two was better facilitated,
- 5.101 Four believe charging objective three is better facilitated.
- 5.102 Four believe general objective Four is better facilitated.
- 5.103 One response stated that no objectives are better facilitated by solution two.
- 5.104 One respondent believed that charging objective two was negatively impacted.
- 5.105 Two stated charging objective three was also negatively impacted.
- 5.106 Another response stated that general objectives One and two were negatively impacted.

5.107 Below are tables that capture the responses to this question in tabular form.

	General Objectives					Overall response
Responder	1	2	3	4	5	
1		Positive				Positive
2		Positive		Positive		Positive
3	States objectives better facilitated but doesn't reference which objectives					Positive
4	Negative	Positive				
5		Positive				Positive
6		Positive				Positive
7						Neutral
8	States solution A better facilitates but doesn't reference which objectives					Positive
9	States objectives better facilitated but doesn't reference which objectives					Positive
10		Positive				Positive
11		Negative				Negative
12		Positive				Positive

	Charging Objectives					Overall response
Responder	1	2	3	4	5	
1		Positive	Positive	Positive		Positive
2						Neutral
3	States objectives better facilitated but doesn't reference which objectives					Positive
4		Positive	Negative			
5		Positive	Positive	Positive		Positive
6						Neutral
7						Neutral
8	States solution A better facilitates but doesn't reference which objectives					Positive
9	States objectives better facilitated but doesn't reference which objectives					Positive
10		Positive	Positive	Positive		Positive
11		Negative	Negative			Negative
12						Neutral



**Question 9 Do you consider that Solution B better facilitates the DCUSA objectives?  
Please give supporting reasons.**

5.108 Four respondents stated that general objective two was better facilitated.

5.109 Six respondents believed charging objectives two and three were better facilitated.

5.110 Three respondents believed that charging objective four is better facilitated.

5.111 One respondent stated charging objective six was better facilitated.

5.112 Below are tables that capture the responses to this question in tabular form.

	General Objectives					Overall response
Responder	1	2	3	4	5	
1		Positive				Positive
2	States objectives are not better facilitated.					Negative
3	No comment					N/A
4		Positive				Positive
5		Positive				Positive
6						Neutral
7	States objectives better facilitated but doesn't reference which objectives					Positive
8	States objectives better facilitated but doesn't reference which objectives					Positive
9						Neutral
10		Positive				Positive
11		Positive	Positive			Positive
12	States objectives are not better facilitated and could disadvantage some customers.					Negative

	Charging Objectives						Overall response
Responder	1	2	3	4	5	6	
1		Positive	Positive	Positive			Positive
2	States objectives are not better facilitated.						Negative
3	No comment						N/A
4		Positive	Positive				Positive
5		Positive	Positive	Positive			Positive
6		Positive	Positive			Positive	Positive
7	States objectives better facilitated but doesn't reference which objectives						Positive
8	States objectives better facilitated but doesn't reference which objectives						Positive
9	States objectives are not better facilitated.						Neutral
10		Positive	Positive	Positive			Positive
11		Positive	Positive				Positive
12	States objectives are not better facilitated.						Negative

**Question 10: What date do you believe this change proposal should be implemented for Solution A? Please provide rationale.**

5.113 Four respondents supported five working days following Authority approval,

5.114 One stated six months, another three months, and another April 2025.

5.115 Two stated June 2023 could be achievable.

5.116 One respondent stated they didn't support the solution so didn't support any implementation date.

**Question 11: What date do you believe this change proposal should be implemented for Solution B? Please provide rationale.**

5.117 Six respondents favoured an implementation date of November 2023.

5.118 One stated nine months following authority approval.

5.119 One stated six months following authority approval.

5.120 One stated as soon as possible.

5.121 One stated the implementation date should be in line with the MHHS programme.

5.122 Two respondents didn't state a preference.

**Question 12: Do you have any comments on the draft legal text for Solution A?**

5.123 Ten respondents offered no further comment.

5.124 One respondent stated that Clause 184 (b) was a little unclear as the use of the term "a date" was ambiguous.

5.125 Another respondent suggested changing "migration date" to "expected migration date", so the text allowed for reasonable changes to the migration dates.

5.126 The same respondent also stated that there is a requirement for suppliers to communicate the MIC to customers but sometimes suppliers would not be aware of the MIC so they wouldn't be able to communicate this.

**Question 13: Do you have any comments on the draft legal text for Solution B?**

5.127 One respondent highlighted some typographical errors that were corrected.

5.128 The same responder also highlighted the text for schedule 32 wasn't needed for solution B so needs removing.

5.129 One respondent believed that the process could cause confusion as it would be difficult to ascertain which CT metered customers would be site specific billed and which ones which ones would be on aggregated billing.

5.130 One respondent raised the same point they did for question 12 in that "migration date" needed changing to "expected migration date".

5.131 The same respondent also believed that the table on page 37 should state Below 70kVA.

5.132 After reviewing the third consultation responses, the Working Group identified the following areas for further consideration:

- CDCM Derogation
- Length of the migration period before the assessment.
- The length of the assessment period.
- The treatment of domestic customers.

- Enduring verses transitional tariff arrangements
- Additional comments to solution A
- Additional comments to solution B; and
- Solution A or B.

5.133 The conclusions to the above areas that the Working Group identified for further consideration can be found below in section 6.

## 6 Working Group Conclusions & Final Solution

6.1 After review of the third consultation responses the Working Group came to the below conclusions for the remaining areas that needed decisions in order to develop a solution/solutions for voting.

### CDCM Derogation

- 6.2 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. However, the LC14 charging statement would need to be updated with the new tariffs/LLFCs and approval sought for them.
- 6.3 After seeking party views the Working Group concluded that a derogation may be required so sought steer from the DCUSA legal advisors at Gowlings. The steer from Gowlings was that 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.

### Length of the migration period before an Assessment

- 6.4 The Working Group identified two options:
- Twelve months after the migration date (in line with Solution A); or
  - Twelve months after the MHHS M15 milestone (full transition complete).
- 6.5 The first option caters for a more gradual transition starting at the earliest in November 2024 whereas the second option waits until October 2025 (subject to any further movement by the MHHS Programme).
- 6.6 The Working Group concluded that the assessment period that should be taken forward for both solutions is twelve months post migration as this was the time frame the majority of respondents (seven) favoured.
- 6.7 It was also noted that twelve months provides sufficient time to collate enough data to reasonably calculate a MIC.

### Length of the Assessment period

- 6.8 It was agreed by the Working Group that the window to agree a MIC with the customer post the twelve-month assessment period would be six months. The Working Group concluded that six months was ample time to contact customers to agree a MIC post the assessment window.

### The treatment of domestic customers.

- 6.9 The Working Group concluded that a decision on this topic wasn't required at this stage as P432 includes domestic customers, however a new DCP would need to be raised for a new capacity charge to be created for domestic in the future. It was noted that the upcoming DUoS SCR changes could incorporate domestic site-specific charging.

### Enduring verses transitional tariff arrangements

- 6.10 In regard to whether customers only be moved to a site-specific tariff if their calculated capacity is above 69kVA or if it should be all customers in line with the current CDCM, the Working Group concluded that the change should be for all CT metered customers as this offered a true transitional approach which is what the proposal is seeking to achieve.

### Additional comments for solution A

- 6.11 In response to the respondent who stated that Clause 184 (b) was a little unclear as the use of the term 'a date' was ambiguous, the Working Group agreed and updated this clause within the legal text to provide clarity as to when the increase in MIC would take effect.
- 6.12 In response to the suggestion changing 'migration date' to 'expected migration date', so the text allowed for reasonable changes to the migration dates, the Working Group agreed and updated the legal text accordingly.
- 6.13 In response to the concern that if the MIC wasn't known to the supplier, then they would not be able to communicate this to the customer, the Working Group agreed and added "if known" to the legal text for solution A to allow for instances where the MIC is not known by the supplier.

### Additional comments for solution B

- 6.14 In response to the respondent that highlighted the amended legal text for schedule 32 wasn't needed for solution B, the Working Group agreed, and the legal text was updated accordingly.
- 6.15 In response to the comment that stated the process could cause confusion as it would be difficult to ascertain which CT metered customers would be site specific billed and which ones which ones would be on aggregated billing, it was noted within the Working Group that new LLFCs would be created as part of solution B and these could be used to differentiate between site specific billed sites and aggregated billed sites.
- 6.16 In response to the comment that believed that the table on page 37 should state Below 70kVA, the Working Group agreed, and the legal text was updated accordingly.

### Solution A or B?

- 6.17 The majority of respondents to the second consultation preferred using a default MIC but an alternative approach has been developed based on industry feedback during the same consultation,
- 6.18 Below is a table of the two Solutions showing the key topics and the proposed approach to each:

Topic	Solution A	Solution B
Communications	Supplier led communication followed up by Distributor	Supplier led communication followed up by Distributor
During migration and assessment period	Use of Default MIC	New aggregated tariff
Assessment period starts	twelve months post migration Earliest start date Nov 24*	twelve months post migration Earliest start date Nov24*
Assessment end date	six months after the start of the assessment period	six months after the start of the assessment period
Criteria to move to site specific tariffs	In accordance with the current CDCM which says CT customers, apart from Domestic who have a choice, are on a site-specific tariff.	In accordance with the current CDCM which says CT customers, apart from Domestic who have a choice, are on a site-specific tariff.

- 6.19 As there was equal support for both solutions in the consultation responses and as there was also equal support within the Working Group for both solutions, it was agreed that both solutions would be taken forward to voting.
- 6.20 It was agreed that rather than choose their preferred solution, parties would be instructed to reject the solution they didn't prefer and vote for the solution they preferred.

## 7 Relevant Objectives

### Assessment Against the DCUSA Objectives

- 7.1 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 1.
- 7.2 The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 414.

## Solution A

	DCUSA General Objectives	Identified impact
<input type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input checked="" type="checkbox"/>	2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Positive
<input type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/>	5. 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.	None

7.3 The Working Groups view is that General Objective two is better facilitated: This change will ensure that a consistent approach is taken by DCUSA parties when dealing with customers affected by P272, P432 & MHHS TOM transition when they seek to actively agree an enduring MIC.



	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	None
<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 checked="" 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	Positive
<input checked="" 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	Positive
<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	None
<input type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

7.4 The Working Groups view is that Charging Objective 2 is better facilitated: This change will ensure that DNOs apply a common approach when dealing with customers affected by P432 and the onward transition to MHHS, when they seek to actively agree an enduring MIC and where they are not able to prevent excess capacity rates being levied.

7.5 The Working Groups view is that Charging Objective 3 is better facilitated: This change will allow time for customers affected by P432 and MHH settlement to actively engage with the DNO and agree a MIC which is appropriate for their requirements and hence the costs they impose on the network.

7.6 The Working Groups view is that Charging Objective 4 is better facilitated: This change will permit DNOs to adopt their own approaches to initially overcome the administrative burden of setting an initial MIC for the c. 60,000 CT metered sites affected by P432 MHH settlement whilst allowing affected sites sufficient time to actively agree an enduring MIC. This change will also ensure that all

DNOs are applying a common approach when dealing with customers affected by P432 when they seek to actively agree an enduring MIC.

## Solution B

	DCUSA General Objectives	Identified impact
<input type="checkbox"/>	1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input checked="" type="checkbox"/>	2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity	Positive
<input type="checkbox"/>	3. The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input type="checkbox"/>	4. The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/>	5. 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.	None

7.7 The Working Groups view is that General Objective two is better facilitated: This change will ensure that a consistent approach is taken by DCUSA parties when dealing with customers affected by P272, P432 & MHHS TOM transition when they seek to actively agree an enduring MIC.

	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	None
<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 checked="" 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	Positive
<input checked="" 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	Positive
<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	None
<input type="checkbox"/>	6. That compliance with the Charging Methodologies promotes efficiency in its own implementation and administration.	None

7.8 The Working Groups view is that Charging Objective two is better facilitated: This change will ensure that DNOs apply a common approach when dealing with customers affected by P432 and the onward transition to MHHS, when they seek to actively agree an enduring MIC and avoid any excess capacity rates being levied.

7.9 The Working Groups view is that Charging Objective three is better facilitated: This change will allow time for customers to obtain data to inform the MIC, enabling the customer and the DNO to agree a MIC which is appropriate for their requirements and hence the costs they impose on the network.

7.10 The Working Groups view is that Charging Objective four is better facilitated: This solution will avoid DNOs adopting their own approach reducing the administrative burden of setting a default MIC for the c. 60,000 CT metered sites affected by P432 and MHH settlement whilst allowing affected sites sufficient time to actively agree an enduring MIC. This change will also ensure that all DNOs are applying a common approach when dealing with customers affected by P432 and MHH settlement when they seek to actively agree an enduring MIC.

- 7.11 The overall position of the Working Group is still split evenly between both solutions as to which solution offers the best outcome.

## 8 Impacts & Other Considerations

### Impacts on other Industry Codes

- 8.1 The Working does not believe that this Change Proposal will have any impact on any other industry codes apart from P432 for which this change proposal was helped to facilitate.

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

### Consideration of Wider Industry Impacts?

- 8.2 The Working Group did not identify any additional wider industry impacts other than those already highlighted in other areas of this Change Report.

## 9 Implementation

- 9.1 The proposed implementation date was June 2023, this was to align with P432's proposed implementation date along with BSC CP1558 "New Registration data items and processes to support the MHHS Programme". This is now unlikely.
- 9.2 Based on the responses to the third consultation and the likely timescales for system changes to be made, 01 April 2024 was concluded as the best date for implementation for solution A.
- 9.3 It was noted the voting period would last 3 weeks, then the authority requires several weeks to make its decisions. This means if a decision was made around September, 6 months would still be required to allow for system changes to be made as noted by a number of distributors.
- 9.4 It was also noted by two members of the Working Group that whilst for solution A a similar process was followed for P272, they had changed their billing systems since so the changes to upload the bulk migrations and set the default values for P272 were no longer applicable to their new billing system.
- 9.5 This date would be in line with the regular DCUSA release for April 2024.
- 9.6 Based on the above timelines for solution A to be implemented, it was agreed that April 2024 would also be the date that the Working Group concluded solution B should also be delivered.
- 9.7 It was noted that solution B would also require new LLFCs to be developed which could take some time however this could be done in tandem with the other activities that would need to be undertaken, awaiting authority consent, developing system changes etc.

## 10 Legal Text

### Legal Text

#### Solution A - Default MIC

10.1 There are number of areas of the DCUSA that are amended to support this Solution:

- Clause 19 – amends the section on transitional protection for P432 and MHHS CT customers and includes obligations on both suppliers and distributors regarding communications.
- Schedule 2B - two paragraphs are added to section 3. The paragraph stating that retrospective changes cannot be applied to the MIC do not apply where Part 4 of Schedule 16 of the DCUSA is applicable and another additional clause has also been added to provide liability protection should the MIC value chosen not be suitable or have an impact on the Connection Assets;
- Schedule 16 - amends Part 4 of schedule 16 by determining the migration and assessment period prior to finalising the MIC based on actual metering data and any credits to be applied; and
- Schedule 32 - the exceptional circumstances section has been updated in paragraph 6.1 to provide an additional criterion to where a Final Demand Site may be reallocated to a different charging band. This now caters for where there is a change to the Maximum Import Capacity, in accordance with Part 4 of Schedule 16.

10.2 Proposed legal drafting for this DCP can be found in **Attachment 6- DCP 414 Solution A Default MIC**.

#### Solution B – New aggregated tariff

10.3 There are number of areas of the DCUSA that are amended to support this Solution:

- Clause 19 – amends the section on transitional protection for P432 and MHHS CT customers and includes obligations on both suppliers and distributors regarding communications;
- Schedule 2B - two paragraphs are added to section 3. The paragraph stating that retrospective changes cannot be applied to the MIC does not apply where Part 4 of Schedule 16 of the DCUSA is applicable and another additional clause has also been added to provide liability protection should the value chosen be not suitable or have an impact on the Connection Assets;
- Schedule 16 has a number of amendments:
  - amends the tariff names of “LV Domestic Aggregated” and “LV Non-Domestic Aggregated” to “LV Domestic or CT Aggregated” and “LV Non-Domestic or CT Aggregated” throughout the schedule to make these tariffs available not just to NHH tariffs but also to site specific measurement classes C and E.

- Part 4 of schedule 16 has been amended to cater for P432 and CT Metering Points migrated during the MHHS Programme and to specify that at the point of migration customers will be assigned to an aggregated tariff, but actual data will be received on a site specific basis due to the move to measurement classes C or E.
- Within six months following the completion of the twelve months post migration the distributor shall assess whether to continue to apply the aggregated tariffs or apply Site Specific tariffs.
- The distributor shall reasonably determine an appropriate MIC, having regard to the maximum demands in that period and shall notify the customer.
- Schedule 17 – amended to cater for the new tariff name in paragraph 25.3;
- Schedule 18 – amended to cater for the new tariff name in paragraph 25.3.

10.4 Proposed legal drafting for this DCP can be found in **Attachment 7 - DCP 414 Solution B Aggregated Tariff and, Attachment**

## 11 Code Specific Matters

### Modelling Specification Documents

11.1 N/A

### Reference Documents

11.2 N/A

## 12 Recommendations

### Panel's Recommendation

- 12.1 The Panel approved this Change Report on 17 May 2023. The Panel considered that the Working Group has carried out the level of analysis required to enable Parties to understand the impact of the proposed amendment and to vote on DCP 414.
- 12.2 The Panel have recommended that this report is issued for Voting for a period of 3 weeks and DCUSA Parties should consider whether they wish to submit views regarding this Change Proposal.
- 12.3 Parties can vote to accept both solutions stating, which is their preferred solution, vote to accept Solution A and reject solution B; vote to accept Solution B and reject solution A; or vote to reject both solution A and solution B.

## 13 Attachments

- Attachment 1 – DCP 414 Change Proposal Form
- Attachment 2 – DCP 414 Voting Form

- Attachment 3 – DCP 414 Consolidated Consultation 1 Responses
- Attachment 4 – DCP 414 Consolidated Consultation 2 Responses
- Attachment 5 – DCP 414 Consolidated Consultation 3 Responses
- Attachment 6 - DCP 414 Solution A Default MIC.
- Attachment 7 - DCP 414 Solution B Aggregated Tariff.