

Question 1

Company	Confidential/ Anonymous	1. Do you understand the intent of this CP?	Working Group Comments
UK Power Distribution	Non-confidential	Yes	
Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes	
National Grid Electricity Distribution	Non-confidential	Yes	
Northern Powergrid	Non-confidential	Yes	
EDF Energy Customers Limited	Non-confidential	Yes	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	Yes	
SP Distribution plc and SP Manweb plc	Non-confidential	Yes	
IDCSL	Non-	Yes	

	confidential		
Centrica	Non-confidential	Yes	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes	
Npower Commercial Gas Ltd.	Non-confidential	We understand the intent of this CP.	
Working Group Conclusions		The Working Group noted that all consultation respondents understood the intent of the CP.	

Question 2

Company	Confidential/Anonymous	2. Are you supportive of the principles of this CP?	Working Group Comments
UK Power Distribution	Non-confidential	Yes	
Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes	

National Grid Electricity Distribution	Non-confidential	Yes	
Northern Powergrid	Non-confidential	Yes	
EDF Energy Customers Limited	Non-confidential	No. We understand the reason for the requested change but consider that DNO obligations agreed as part of the RIIO price control process should not result in an amendment to DNO obligations at the expense of consumers or suppliers.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	<p>We are only partially supportive. Whilst we appreciate that additional time may be required by DNOs when Ofgem make changes to the allowed revenue at a late stage, we are concerned that any adjustments to the notice period could –</p> <p>a) partially reduce the benefits that DCP178 has brought to many consumers in terms of lowering their electricity prices due to suppliers' improved ability to decrease their risk premia.</p> <p>b) set a precedent for further reduction of the notice period going forward.</p> <p>Therefore, we do not agree that a reduction should be made in years where there are no changes made to the PCFM by Ofgem. We believe that the current notice period should remain in place as a default and suggest that a reduced period should only be applied on those (as we understand, rare) occasions where Ofgem do make changes to the PCFM.</p>	
SP Distribution	Non-	Yes	

plc and SP Manweb plc	confidential		
IDCSL	Non-confidential	Yes	
Centrica	Non-confidential	No	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes, we believe it is a necessary change to ensure DNOs have sufficient time to assure final tariffs should Ofgem direct any changes in the 14-day PCFM notice period introduced for RIIO-ED2.	
Npower Commercial Gas Ltd.	Non-confidential	We are supportive of this CP –we understand the issue and acknowledge that of the issue experienced over the 2024 Christmas period meant that resulted in a derogation request very close to the 15 months' notice period lapsing with approval from Ofgem coming on 16/01/24, which surpassed the 15 months' notice period.	
Working Group Conclusions		<p>The Working Group noted that responses to this question were mixed, with some responders supporting the principles and some not.</p> <p>One response suggested a dual approach, that the current notice period should remain in place as a default, and that a reduced period should only be applied on occasions where Ofgem make changes to the Price Control Financial Model.</p>	

Question 3

Company	Confidential/ Anonymous	3. Do you agree with the Working Group's approach of amending the notice period to 14 months for DNOs and 13 months for IDNOs and out of area DNOs? Please provide your rationale either way.	Working Group Comments
UK Power Distribution	Non-confidential	<p>Yes, we can see the issue that the DNOs are now presented with.</p> <p>We also agree that it is important to give the DNOs enough time to ensure their process for calculation DUoS charges is not rushed but produces a robust output.</p> <p>We think losing one month of forecasting visibility is a “price worth paying” .</p>	
Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes we support this approach, with the changes brought in with RIIO-ED2 alongside the requirements to publish the PCFM, it has created an impossible timetable to ensure all obligations are met. Having an additional month will ensure that all requirements are fulfilled and sufficient notice of charges to Suppliers is still provided.	
National Grid Electricity Distribution	Non-confidential	Yes, We believe this will help the DNOs while having minimal impact on suppliers as shown in the tables in 5.5.	
Northern Powergrid	Non-confidential	<p>Yes.</p> <p>The additional month will allow DNOs enough time to process and sign-off distribution use of system (DUoS) tariffs following the new process for submission of the price control financial model (PCFM) under the RIIO-ED2 rules.</p>	

		<p>Under the RIIO-ED1 licence this additional time was not necessary as the requirements in the licence allowed DNOs sufficient time to process and assure charges once allowed revenues were finalised.</p> <p>Under the RIIO-ED2 licence, the process is for submission of the PCFM in the first week of December followed by Ofgem having 14 days to let DNOs know if they require any changes whilst still requiring DNOs to publish tariffs by 31 December. This does not allow DNOs enough time to undertake their robust assurance and sign-off processes with full diligence.</p> <p>The extra month will allow DNOs to ensure that tariffs are correct and prepare all required documentation and sign-off the tariffs prior to publishing.</p> <p>We acknowledge that reducing the notice period to 14 months will impact Suppliers but we believe the scale of the impact is proportionate to the problem, and will still ensure that Suppliers are getting more than 11 months' more notice than they do for transmission and gas use of system tariffs.</p>	
EDF Energy Customers Limited	Non-confidential	<p>No, we do not agree.</p> <p>The notice period of 15 months for DNOs (and 14 months for IDNOs and out of area DNOs), have benefited consumers by suppliers' ability to have certainty of DUoS tariffs over a period that allows fixed pricing for up to 27 months without the need to add risk premia which would increase the cost to consumers.</p>	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	<p>The current 15-month period is necessary due to the volatility of the market. However, as suggested within our response to Q2, the 14-month notification period could be justified where Ofgem do make changes to the allowed revenue.</p>	

		It is not clear how suppliers will be advised of the changes and with that in mind we believe a process should be defined for this. As it currently stands, suppliers need to continually check when we have received the notifications from DNOs which adds additional resource burden onto suppliers.	
SP Distribution plc and SP Manweb plc	Non-confidential	Yes, Allows for DNOs to more time to validate their assurance processes if PCFM changes.	
IDCSL	Non-confidential	We agree with the WG's approach of amending the notice period to 14 months for DNOs and 13 months for IDNOs as the new license conditions on DNOs introduced for RIIO-ED2 impose very tight timescales for DNOs to check, recalculate, sign and publish tariffs by the current end of December deadline.	
Centrica	Non-confidential	<p>We acknowledge the Working Group's adjustment of the originally proposed notice period under this Modification of 12 to 14 months. However, we maintain that reducing the notice period for charge setting to 14 months is not warranted.</p> <p>The probability of Ofgem mandating amendments to the PCFM at this advanced stage is minimal, and even less so that such a directive would be issued at the end of their 14-day window. The cited instance of the additional SOLR claims concurrent with price setting is a clear outlier, and revising the methodology to accommodate such a rare occurrence is not justified when considering the resultant impact on suppliers and the consequent increase in customer bills. It is not clear from the Consultation whether there was discussion or consideration within Working Group of the anticipated frequency of late Ofgem interventions and what might drive them - and therefore whether the Modification proposal is justified and rational.</p>	

		Furthermore, the alterations to the RIIO2 timescales, which now see the PCFMs being released in December instead of November, have already diminished suppliers' foresight of the revenue inputs that DNOs will employ for price setting. This proposed modification would only exacerbate the reduced predictability that suppliers are subject to.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	In the context of the PCFM timeline and 14-day notice period, we believe the DUoS notice periods need to be shortened to a minimum of 14 & 13 months for DNOs and IDNOs respectively, in order to ensure we have time to fully assure the tariffs upon completion of the 14 day PCFM notice period where Ofgem can direct changes.	
Npower Commercial Gas Ltd.	Non-confidential	<p>Whilst we acknowledge that the working groups developments has moved from a 12 & 11 month notice period to a 14 & 13 month notice period for DNO/IDNO respectively, we are not in agreement that applying a blanket change to the notice period of final tariffs is the most suitable outcome.</p> <p>As noted in the content of this CP this situation may only arise in a specific situation i.e. If OFGEM do decide to make changes to the PCFM within its 14 day period in December each year, as such we believe it would be much more suitable that should the situation arise a clause in DCUSA enables the extra 1 month extension along with notice provided to DCUSDA parties as soon as possible, so that DNO & IDNO's impacted are not at risk of breaching the 15/14 month notice period requirement & that suppliers are in receipt of final actual costs in a timely fashion or understand as to why they are not.</p>	
Working Group Conclusions		The Working Group noted that responses to this question were mixed, with some responses stating that they agree with the approach, and some noting that they do not.	

	<p>Several responses outlined that the current notice period is necessary due to the volatility of the market and benefits for consumers by allowing Suppliers predictability, reducing the need to add risk premia which increases the cost to consumers.</p> <p>One response suggested that the probability of Ofgem mandating amendments to the PCFM at this advanced stage is minimal. The Working Group noted that this would be difficult to predict as 2024 is only the second year of the new arrangements and asked that Ofgem consider this when reviewing the Change Report.</p>
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Question 4

Company	Confidential/ Anonymous	4. To Suppliers, how would amending the notice period to 14 months for DNOs and 13 months for IDNOs and out of area DNOs impact Suppliers and consequently customers?	Working Group Comments
EDF Energy Customers Limited	Non-confidential	Typically, suppliers can offer fixed deals to consumers in the first quarter of a year for up to 2 years for the April start date contract rounds. Reducing the notice period by a month would significantly impact this ability and impact consumer choice or increase the prices through the addition of risk premia.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	As a supplier, we have implemented our own assurance processes to ensure the information received is complete and accurate which currently takes around a month to complete. Should the notification period be reduced by an additional month, we would in fact have 13 months to implement the required changes. Preserving the current 15-month notification period as the default is crucial where no changes to the PCFM have been made by Ofgem, in order to maintain the benefits that DCP178 has brought to many consumers in terms of lowering their electricity prices due to suppliers' improved ability to decrease their risk premia.	
Centrica	Non-	Shortening the notice periods for DUoS charges reduces the certainty	

	confidential	around charges for pricing customers. Suppliers may increase risk premia to account for the decreased level of certainty which would lead to increases to customer bills and reduced competition.	
Npower Commercial Gas Ltd.	Non-confidential	<p>The primary impact on customers and suppliers is that if their wholesale change to the notice period as proposed the implications of converting DUoS inputs from forecasted to Actual rates in fixed price contracts within supply business is also delayed across the market.</p> <p>This is particularly pertinent in the Non-domestic market as there is well established sales round in April every year, the current notice period allows us to move from forecast to actuals by the end of February each year meaning that fixed price contracts offered have a higher degree of accuracy for any renewals or new business prices starting in April that are longer than 12-24 months in length, when compared to the proposed solution we would not be able to move from forecast to actual until late in March each year, by which time the sales round will have largely be completed on the basis of forecast costs for any fixed price contracts agreed that are greater than 12 months.</p>	
Working Group Conclusions		The Working Group noted that the responses included themes surrounding consumer choice being impacted and an increase in prices through the addition of risk premia.	

Question 5

Company	Confidential/ Anonymous	5. Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.	Working Group Comments
UK Power Distribution	Non-confidential	Yes	

Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	We believe that DCUSA Charging Objectives 1, 3, 4 and 6 are better facilitated by this change proposal by allowing DNOs an extra month to publish final DUoS charges, as a result of revisions to licence conditions for RIIO-ED2 which will ensure the accuracy of all documents published.	
National Grid Electricity Distribution	Non-confidential	We agree with the working group that objectives 1, 3, 4, and 6 are better facilitated.	
Northern Powergrid	Non-confidential	We agree with the working group that DCUSA objectives 1, 3, 4 and 6 are better facilitated as this change would allow DNOs to undertake their robust assurance processes and ensure that all published tariffs are correct whilst maintaining as much of the notice period as possible.	
EDF Energy Customers Limited	Non-confidential	No. <i>In our view it is worse against Charging Objective 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) as it would harm competition in the generation and supply of electricity.</i>	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	We do not have any concerns with the proposed DCUSA objectives.	

SP Distribution plc and SP Manweb plc	Non-confidential	Yes. General 1 & 3, Charging 1, 3, 4. Validation of late revenue changes.	
IDCSL	Non-confidential	Yes, we agree with the WG that Charging Objectives 1, 3, 4 and 6 are better facilitated.	
Centrica	Non-confidential	No, please see answer to question 4 above, we believe this will have a negative impact to DCUSA charging objective 2 in relation to competition in the supply of electricity.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We agree the objectives highlighted by the working group are better facilitated by this change as more time is required to assure the data prior to publication.	
Npower Commercial Gas Ltd.	Non-confidential	We agree with the proposers & working group assessment of the applicable charging objectives and reasoning.	
Working Group Conclusions		<p>The Working Group noted that responses were mixed.</p> <p>Two responses indicated that they consider the proposal generally better facilitates the DCUSA Charging objectives.</p> <p>Eight responses indicated that they agree with the Working Group's assessment that Charging Objectives 1, 3, 4 and 6 are better facilitated by the proposal.</p> <p>One response outlined that they felt that General Objectives 1 and 3 are better facilitated and Charging Objectives 1, 3 and 4 are better facilitated by the proposal.</p>	

	Two responses noted that they feel the proposal has a negative impact on Charging Objective 2.
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Question 6

Company	Confidential/ Anonymous	6. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?	Working Group Comments
UK Power Distribution	Non-confidential	DUoS SCR is the main one , but I don't believe it has a relevant impact here.	
Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	No	
National Grid Electricity Distribution	Non-confidential	No	
Northern Powergrid	Non-confidential	No	
EDF Energy Customers Limited	Non-confidential	No. However, we note the Charging Futures Forum is currently considering Transmission Charging Reforms so comparison of the current DCUSA arrangements with the CMP244 (proposed in May 2015) and CMP286 (proposed in October 2017) does not reflect current industry thinking.	
SSE Energy Supply Ltd (SSE	Non-confidential	Not at this time.	

Business Energy)			
SP Distribution plc and SP Manweb plc	Non-confidential	No	
IDCSL	Non-confidential	No	
Centrica	Non-confidential	No	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Concerns, which persist, around the 14-day PCFM notice period and the consequential impact any directed changes would have on the DUoS tariff assurance processes were most recently raised in the RIGs consultation response provided to Ofgem in May 2024. Consequently, we believe shortening the DUoS notice period is the next available option to ensure sufficient time for DUoS tariff validation.	
Npower Commercial Gas Ltd.	Non-confidential	No	
Working Group Conclusions		The Working Group noted the suggestions received, however agreed that there are no interactions that would halt the progress of the CP.	

Company	Confidential/ Anonymous	7. Are you supportive of the proposed implementation date? (Next issue of DCUSA following approval)	Working Group Comments
UK Power Distribution	Non-confidential	Yes, I believe it should be implemented before the next publication date (i.e. December 2024)	
Indigo networks	Non-confidential	Yes	
UK Power Networks	Non-confidential	Yes, it is vital that this change is approved to ensure that Network companies are aware well in advance, of the expected timing for the publication of the charges for 2026/27.	
National Grid Electricity Distribution	Non-confidential	Yes	
Northern Powergrid	Non-confidential	Yes. We believe this should be implemented in time for setting 2026/27 DUoS charges, which is currently required by 31 December 2024.	
EDF Energy Customers Limited	Non-confidential	We do not support this CP but if Ofgem do approve it then we would want as long a lead time for implementation as possible and consider that this should be at least 2 full charging years after their decision.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	Should this change be approved, we do not have any concerns with the implementation date.	
SP Distribution plc and SP Manweb plc	Non-confidential	Yes	

IDCSL	Non-confidential	Yes, in time for April 2026 tariff calculations and final publication.	
Centrica	Non-confidential	We do not support implementation.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	Yes, in order that this is in place for the 2026-27 tariff setting process later this year.	
Npower Commercial Gas Ltd.	Non-confidential	We agree with the proposed implementation approach.	
Working Group Conclusions		The Working Group noted that all responses except for two agreed with the implementation date, with one stating they do not support the change, and the other requesting two full charging years after the decision.	

Question 8

Company	Confidential/Anonymous	8. Do you have any comments on the draft legal text?	Working Group Comments
UK Power Distribution	Non-confidential	No	
Indigo networks	Non-confidential	No	
UK Power Networks	Non-confidential	No we are comfortable with the changes proposed.	

National Grid Electricity Distribution	Non-confidential	No	
Northern Powergrid	Non-confidential	No	
EDF Energy Customers Limited	Non-confidential	None	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	<p>Yes, as we have alluded to in other responses, we believe that the proposed 14/13 month period should only be implemented where Ofgem have made changes to the model. We propose the following legal text;</p> <p>Section 2A Use of System Charges 19.1A The Company may vary the Use of System Charges at any time by giving the requisite period of written notice to the User. The requisite period of notice is (subject to Clause 19.1B): 19.1.1 where the Company is a DNO Party acting within that DNO Party's Distribution Services Area: (A) in the case of the charges to apply from 1 April 2016 only, 3 months; or (B) in the case of the charges to apply on or after 1 April 2017, 15 months; or (C) in the case where have Ofgem have made changes to the allowed revenue, 14 months 19.1.2 where the Company is an IDNO Party or a DNO Party acting outside of that DNO Party's Distribution Services Area: (A) in the case of the charges to apply from 1 April 2016 only, 2 months; or (B) in the case of the charges to apply on or after 1 April 2017, 14</p>	

		months; or (C) in the case where have Ofgem have made changes to the allowed revenue, 13 months	
SP Distribution plc and SP Manweb plc	Non-confidential	No, only amending -3 months.	
IDCSL	Non-confidential	No	
Centrica	Non-confidential	It's unnecessary to leave legacy references in the section around the timescales of the production of the rates in 2016. The opportunity should be taken to remove these references for efficiency in the code.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	No	
Npower Commercial Gas Ltd.	Non-confidential	We agree that the proposed draft legal text in the consultation document facilitates the solution proposed, however as per our response to Q4 we do not support the blanket change to the notice period.	
Working Group Conclusions		<p>The Working Group noted that one response provided an amended version of the legal text, in line with their suggestion of a dual approach.</p> <p>Another response highlighted legacy references around the timescales of the production of the rates in 2016. The response noted that the opportunity should be taken to remove these references for efficiency in</p>	

	the code.
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Question 9

Company	Confidential/ Anonymous	9. Do you have any other comments on DCP 437?	Working Group Comments
UK Power Distribution	Non-confidential	No	
Indigo networks	Non-confidential	No	
UK Power Networks	Non-confidential	No	
National Grid Electricity Distribution	Non-confidential	No	
Northern Powergrid	Non-confidential	No	
EDF Energy Customers Limited	Non-confidential	Overall, we consider this change would be detrimental to consumers and think that the DNO obligations agreed as part of the RIIO price control process should not result in an amendment to DNO obligations at the expense of consumers or suppliers.	
SSE Energy Supply Ltd (SSE Business Energy)	Non-confidential	Not at this time.	

SP Distribution plc and SP Manweb plc	Non-confidential	No	
IDCSL	Non-confidential	No	
Centrica	Non-confidential	We believe that a better option than to change the notice periods permanently to 14 months would be to give Ofgem the ability to direct a reasonable reduction to the notice period (e.g. 10 business days) should Ofgem's intervention cause a material change to the PCFM. This provides the DNOs with additional time for assurance following a late change to the PCFM inputs, without unduly impacting suppliers or customers when no such changes are required.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Non-confidential	We believe the notice periods proposed by DCP 437 are required at a minimum at this time due to the RIIO-ED2 licence condition amendments i.e. 14-day PCFM notice period. However, we do think it would be worth exploring the benefits of shortening the DUoS notice periods even further in the future to minimise year on year volatility given there is no longer a lag on allowed revenue inputs and clear evidence from recent tariff setting cycles that such a long notice period can contribute to large and sudden swings between tariff components.	
Npower Commercial Gas Ltd.	Non-confidential	No	
Working Group Conclusions		<p>The Working Group acknowledged the comments provided.</p> <p>One response suggested that the approaches taken in different utilities could be considered.</p> <p>Another response outlined that they consider the change would be detrimental to consumers and believe</p>	

	<p>the DNO obligations agreed as part of the RIIO price control process should not result in an amendment to DNO obligations at the expense of consumers or suppliers.</p> <p>Another response suggested that rather than changing the notice periods permanently to 14 months, Ofgem should be given the ability to direct a reasonable reduction to the notice period should their intervention cause a material change to the PCFM. The Working Group acknowledged that Ofgem can consider this whilst reviewing the Change Report, however that it is outside the scope of this change.</p> <p>Another response outlined that they believe the notice periods proposed by DCP 437 are required at a minimum at this time due to the RIIO-ED2 licence condition amendments. However, that it would be worth exploring the benefits of shortening the DUoS notice periods even further in the future to minimise year on year volatility.</p>
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