

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	1. Do you use the ARP? If so, for what purpose?	Working Group Comments
DNO 1	Confidential	No. As a DNO we produce the ARP but do not use it.	Noted
DNO 2	Confidential	As a DNO we populate the ARP for others to utilise.	Noted
DNO 3	Confidential	We use the ARP once a year for our clearviewcharge report which we publish on our website.	Noted
DNO 4	Confidential	Yes, we are obliged to prepare and publish the ARP at the same time as we set and publish our Distribution Use of System Charges (DUoS), which is currently 15 months ahead of the effective from date.	Noted
IDNO 1	Confidential	As an IDNO, we do not complete an ARP with tariffs specific to us. But we do use other DNOs’ outputs from the ARP in order to better understand the forecasted tariffs.	Noted
IDNO 2	Confidential	Yes, for information.	Noted
Supplier 1	Confidential	<p>We do use data from the ARPs and find them useful.</p> <p>Primarily we use it for looking at the revenue forecasts for years beyond the final tariffs that have been set and comparing to current/previous years, for getting a view of forecast rate changes year-on-year. These get published at the same time (or around the same time) as when the final rates get published in December, so we would normally update our forecast of future years as well as the year being finalised.</p>	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Supplier 2	Confidential	<p>Yes, DUoS charges are an important cost element that suppliers take into account when making commercial decisions and we use the ARP to get the DNOs best view of charges for multiple years.</p> <p>We use the ARP to get a view of the forecast volumes, customer numbers and other modelling inputs that underpin these forecasts. We also use the models to impact assess industry modification changes and other scenarios (recently this was changes to connections contributions and additional SOLR costs) and their impacts over multiple years.</p>	
<p>Working Group Conclusions: All four DNO parties who responded stated that they populated the ARP but they don't use it for further purpose.</p> <p>The two IDNO parties that responded stated that they find the ARP useful for information in order to better understand future forecast.</p> <p>The two supplier parties who responded both said that they find the ARP useful for the below reasons.</p> <ul style="list-style-type: none">• To get a view of the forecast volumes.• To get a view of customer numbers.• To get a view of modelling inputs that underpin these forecasts.• To impact assess industry modification changes and other scenarios.• Comparing to current/previous years.• For getting a view of forecast rate changes year-on-year.			

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Company	Confidential/ Anonymous	2. Are there any elements of the ARP that you find useful or not useful? For elements that are not useful, is there a reason to retain them?	Working Group Comments
DNO 1	Confidential	N/A	Noted
DNO 2	Noted	We are of the view that we are duplicating information across the ARP and Schedule 15. The Schedule 15 already provides a detailed view of the revenue calculation and a set of tariffs for the year after the latest published year. The latest CDCM models are also available and would allow anyone to enter any future years revenue (from the Schedule 15) to understand the expected impact upon charges. We would propose that the requirement to produce the ARP is removed, as the data contained within it is already available via alternative means. Any historical review of the indicative tariffs produced by the ARP, will confirm that the actual charges are never the same, and so is actually misleading to Suppliers and others. We believe that the Schedule 15 should be kept under constant review and where data is identified to make this even more meaningful then a change to that arrangement, which is a more appropriate and useful approach we believe than continuing to produce the ARP.	Noted
DNO 3	Noted	The forecast prices are useful for the same purpose given above.	Noted
DNO 4	Noted	We consider the information contained in the ARP to be more relevant to Suppliers and their need to forecast future DUoS charges.	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

IDNO 1	Noted	We do not populate the ARP, however, we do mirror the DNO outputs and therefore, the Outputs such as the forecasts from the ARP are useful to better understand the tariffs.	Noted
IDNO 2	Noted	N/A	Noted
Supplier 1	Noted	We use other data from the ARPs, for instance the amount of the residual revenue, and the volumes and numbers of meters associated with customer type. We also use this data for other ad-hoc analysis. Therefore, we would want to maintain access to this kind of data and have it available at the time of publication of final rates.	Noted
Supplier 2	Noted	All elements are useful.	Noted
<p>Working Group Conclusions: One DNO respondent stated that they were of the view that we are duplicating information across the ARP and Schedule 15 and that Schedule 15 already provides a detailed view of the revenue calculation and a set of tariffs for the year after the latest published year.</p> <p>They went on to state that the latest CDCM models are also available and would allow anyone to enter any future year’s revenue (from the Schedule 15) to understand the expected impact upon charges. The responder proposed that the requirement to produce the ARP is removed, as the data contained within it is already available via alternative means.</p> <p>One DNO party stated they use the ARP once a year for their clearviewcharge report which they publish on their website.</p> <p>Another DNO party stated they believed this question to be more relevant to Suppliers and another offered no view.</p>			

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

One IDNO responder advised that whilst they do not populate the ARP, they do mirror the DNO outputs and therefore, the Outputs such as the forecasts from the ARP are useful to better understand the tariffs.

The other IDNO responder offer no view.

Of the two suppliers who responded one stated that they use other data from the ARPs, for instance the amount of the residual revenue, and the volumes and numbers of meters associated with customer type. They also use the data for other ad-hoc analysis.

They went on to state that they would want to maintain access to this kind of data and have it available at the time of publication of final rates. The other supplier who responded stated that they find all elements of the ARP useful.

In conclusion, all parties find the ARP useful in some manner with the supplier community especially finding it useful and so the data included within the ARP should still be made available to industry.

Company	Confidential/ Anonymous	3. Would it be beneficial to combine the ARP and the Cost Information Tables? Please provide your rationale	Working Group Comments
DNO 1	Confidential	We believe combining the ARP and Cost Information requirements would remove duplication of information and could make it easier for users of the Cost Information tables and ARP to access and use the information, particularly in respect of the calculation of indicative tariffs which are somewhat opaque in the current Cost Information tables.	Noted
DNO 2	Confidential	No for the reasons stated in response to Q2. There is currently significant duplication of data across the two requirements, and we believe that the Schedule 15 has been sufficiently developed that it could now act as the single repository to allow parties to calculate their view of future charges.	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

DNO 3	Confidential	As a DNO we wouldn't see a benefit of this.	Noted
DNO 4	Confidential	<p>We believe there is a benefit in combining this information only if it results in a reduction in the level of effort required in administration and a reduction in the number of times the combined ARP/cost information tables requires to be updated/published annually.</p> <p>Currently DNOs publish this information (cost information tables) four times per annum and we believe this could be reduced to two with no less data/information available to stakeholders.</p> <p>In addition to ARP published alongside Annual Distribution Use of System Charges other submissions (cost information tables) currently fall due:</p> <p>February - replicates pricing (with no change) May - Inflation update only (March OBR position) August - No update is made (due to timing of regulatory reporting) November - This has the most updates to inputs from previous years and can be an early indication of pricing. (i.e. Allowed Revenues)</p> <p>Therefor we believe any merging of the ARP and cost information tables must also include a proposal to amend the current publication timelines to maximise effectiveness.</p>	Noted
IDNO 1	Confidential	Currently there is significant crossover between the requirements of clause 35A and Clause 35B of schedules 15 and 20 respectively. This results in in	

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		<p>similar information being published twice, which is inefficient and can be misleading.</p> <p>The changes will improve the transparency and usability of the ARP. The ARP was developed when users were required to give 3 months notice instead of 15, this increased notice period added significant complexity to the ARP and diminished its usability. However, in light of the new DCP 437, which has already been approved by more than 50% of the respondents and is currently awaiting the Authority’s approval, this notice period may shorten moving forward, and therefore the ARP will improve in simplicity and usability. If approved, DCP437 may improve efficiency and usefulness of the information contained within the ARP.</p> <p>It would be beneficial to combine the ARP and Cost information tables.</p>	
IDNO 2	Confidential	Yes, to insure more efficient regulation.	Noted
Supplier 1	Confidential	<p>We find a lot of the data in the ARPs very useful (particularly data in the input tabs ‘ARP Inputs by customer type’ and ‘ARP_General inputs’) and would want to maintain having access to that data.</p> <p>We think that combining the ARP or Cost Information tables should not have an impact if all of the information is still available.</p>	Noted
Supplier 2	Confidential	Yes, combining the two makes the information more accessible and user friendly for all suppliers, and would be an improvement that meets the intention of the original proposals	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Working Group Conclusions: 7 of the respondents believed it would be beneficial to combine the ARP and the Cost Information Tables as long as the data currently is still accessible. The other responder only stated that they wouldn't see the benefit of this. It was noted that if the two were combined then the frequency of when these are provided would also need to be included in the CP as publishing these quarterly was not fit for purpose.

Reasons for believing combining the two are

- Removes duplication
- Improves usability of the ARPs/cost information tables
- insures more efficient regulation.

Company	Confidential/ Anonymous	4. Do you have any other comments?	Working Group Comments
DNO 1	Confidential	No.	Noted
DNO 2	Confidential	Currently the ARP and Schedule 15 uses two different set of charging years which needs to be addressed, we believe that those used by Schedule 15 are most appropriate. It also needs to be considered that where a charging year crosses over into a new Price Control period the revenues are not known and as a result the revenue for that year is taken from the last year of the previous price control. This is not likely to be in any way reflective of	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

		the actual revenue when known, which makes producing charges for multiple years (as is currently the case in the ARP) meaningless to Suppliers looking to have a future view on charges.	
DNO 3	Confidential	No further comments.	Noted
DNO 4	Confidential	<p>The Revenue breakdown in current ARP/cost information tables is the ED1 view and is out of date – as is the CDCM view. DCP 421 - “Update the Tables in schedule 15 of DCUSA” is currently in progress to address this in line with ED2.</p> <p>As mentioned in (1) above the ARP is published along with the Annual Distribution Use of System Charges. If the change proposal were to be adopted would that require subsequent updates, to the cost information tables, to be published in full and if so, would this become confusing for users to have multiple versions of the ARP/cost information tables published online relating to the same charging year.</p>	Noted
IDNO 1	Confidential	We support the proposed approach to combine the contents of the ARP and the Cost Information Tables.	Noted
IDNO 2	Confidential	No.	Noted
Supplier 1	Confidential	<p>Frequency and timing of when the data is published is important for us. Ideally, we would like to have the data being published at or around the same time as when the final rates are published.</p> <p>Having quarterly updates on the revenue forecasts is useful, as is currently the case with the cost information tables.</p>	Noted

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

Supplier 2	Confidential	<p>The ARP was introduced (under DCP086) to enable Suppliers to improve the accuracy of their forecasts and assessments and therefore reduce the risk of exposure to unexpected changes and provide a greater insight into the potential range of future charges, both within the current and future price controls. It was believed that this would facilitate competition between Suppliers as it will enable them to compete more effectively due to the additional data provision.</p> <p>We believe that the current ARP provision fulfils the aims of DCP086 and has succeeded in enabling the benefits described and its provision should be continued.</p>	Noted
<p>Working Group Conclusions: Two DNO parties had no further comment.</p> <p>An IDNO responded by stating they support the proposed approach to combine the contents of the ARP and the Cost Information Tables.</p> <p>The other IDNO responder provided no further comment.</p> <p>Of the two supplier respondents one stated that frequency and timing of when the data is published is important for them. Ideally, they would like to have the data being published at or around the same time as when the final rates are published.</p> <p>The other supplier responder advised that the ARP was introduced (under DCP086) to enable Suppliers to improve the accuracy of their forecasts and assessments and therefore reduce the risk of exposure to unexpected changes and provide a greater insight into the potential range of future charges, both within the current and future price controls. It was believed that this would facilitate competition between Suppliers as it will enable them to compete more effectively due to the additional data provision.</p> <p>There were no other points raised in the responses to question 4 that hadn't already been raised within the responses to earlier questions in this RFI.</p> <p>As a result of the RFI responses the Working Group concluded that it would be suitable for the requirements under Clause 35A and Clause 35B to be combined.</p>			

DCP 325 - CONFIDENTIAL

‘Reviewing the requirements of Sections 35A, 35B, Schedule 15 and Schedule 20’

COLLATED CONSULTATION RESPONSES WITH WORKING GROUP COMMENTS

