DCUSA DCP 137 Consultation Responses – Collated Comments

Question One	Do you understand the intent of the CP?	Working Group Comments
Alkane	Alkane Energy PLC (Alkane Energy) understands the intent of the CP.	Noted
CLP	Yes	Noted
E.ON UK	Yes.	Noted
Electricity North West	Yes	Noted
GDF Suez	Yes.	Noted
Green Cat Renewables Ltd	Yes	Noted
GTC	Yes	Noted
Infinis	Yes	Noted
Northern Powergrid	Yes	Noted
Power Data Associates Ltd	N/A	Noted
Renewable Energy Association	Yes	Noted

Res	Yes. Better facilitation of competition in electricity generation and supply through raised cost reflectivity in recovery of GDUoS charges. Whilst RES supports the guilding principles of the CP and can also see the benefit of the relative simplicity of the approach proposed, RES considers that there is some work to be done before it could be concluded that the CP better satisfies relevant objectives. A key feature of the GDA formula is the creation of a "Min Gen" term and it is noted that this requires further definition. RES considers that this factor is critical to the cost reflectivity of the Generation Dominated methodology and that this work should conclude before a robust decision can be made.	The working group noted that Res believe that further definition is needed. The working group agreed to look at whether any improvement to the definition is needed. It was agreed that for the change report a working process should be produced to provide greater clarity on the implementation of methodology.
Smartest Energy	Yes. Generators are afforded a credit in the CDCM because their generation defers upstream reinforcement costs and in the long run ultimately reduces charges for demand users. When generation at a primary substation matches demand and incremental generation could trigger reinforcement, encouraging additional generation with a credit is no longer in the interest of demand customers.	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power	Yes.	Noted

Distribution plc		
SP Distribution and SP Manweb	Yes we understand the intent of the CP.	Noted
UK Power Networks	Yes	Noted
Western Power	Yes	Noted
Question Two	**Are you supportive of the principles of the CP?**	**Working Group Comments**
The Working Group noted that nine~~ten~~ respondents were supportive of the principles of the CP and seven were not, with one respondent abstaining.		
Alkane	Alkane Energy is not supportive of the CP.	Noted
CLP	Not at all. The justification for GDUoS credits is that generation capacity allows demand reinforcement to be deferred; specifically its presence allows more demand to be connected to a primary substation without reinforcing the substation. If incremental high voltage connected generation causes the primary substation to require reinforcement, there would likely be a significant upfront capital connection charge to be paid by the generator to the DNO. In other words there is already a significant charging signal to "discourage" high voltage connected generation from connecting or increasing its capacity where doing so requires reinforcement of the primary substation. This signal could be re-enforced by	The Working Group noted that the proposal is not trying to encourage generators to move but is designed to remove the credit that can be obtained where the generation is likely to cause reinforcement. It was noted that new generators would pay appropriate connection charges and that generation growth could also be caused by demand reduction or existing generation growth. It was noted that CLP had made the point that

	additionally removing the proposed GDUoS credit for new generation, where this is justified by the resulting generation demand balance. In contrast, the majority of demand is generally connected at low voltage and sees neither a step change in DUoS charges nor any other change in charges if reinforcement at the primary substation is precipitated by its growth. Once established, a generator cannot simply relocate to another primary substation. In this context, any locational signal needs to be aimed at potential new generation not established generators. Accordingly, potential generation should be provided with GDUoS pricing signals which encouraged appropriate location decisions in support of efficient and effective network management. In addition, basing any change in current GDUoS credits on forecast data is unhelpful, reducing the GDUoS credit in a period where connected generators provide actual network support. Such signals must be aimed at planned new generation in line with the cost implications associated with the location decisions of those whose contemplated actions are forecast to change the current efficiency level of the distribution system. For example, in this proposal any generator who is forecast (within say two and a half years) to be connected to a generation dominated primary sub-station is by definition contributing highly to distribution network efficiency. However, the proposal is to disincentivise such a generator by removing GDUoS credits, based upon forecast data. We believe that such a generator ought to be rewarded and indeed encouraged. The proposal is therefore perverse in that it would not reward the most efficient circumstances in distributed generation. GDUoS credits should therefore be maintained for existing generators, up to the point where generation does in fact dominate	there may be benefits at the peaks but the group noted that this may be offset by non peak periods. The working group believe that the application of the DUoS credit has to be based on interpretation of forecast data. The same data is used to plan the network reinforcements in a timely manner; substations cannot be reinforced over night. It was noted that it is not the working group's intention to remove any credits where demand is driving reinforcement but the Working Group do not think that it is appropriate to pay credits where the system is balanced.

	and certainly not be reduced on the basis of long range forecasts of generation. In any event, the capital costs of additional reinforcement are liable to be paid for by new entrants and ongoing use of system charges can be amended at that time. Further, whatever the generation demand balance at a primary substation, the generators presence on the local system will allow more demand to be connected at the substation without reinforcement. The issue of possible reinforcement due to additional generation is not relevant as any new high voltage connected generator would effectively be charged for this directly through its connection charges. In summary, generation defers demand led reinforcement whether there is just a bit of generation or the maximum generation that the primary substation can accommodate. High voltage connected generation led reinforcement is discouraged through the connection charging mechanism and paid for through the connection charge. On this basis all generators should receive the appropriate GDUoS credit. In summary, we do not support a proposal which will reduce GDUoS credits for existing generators in a period when they are supporting the network (and thereby reducing costs) when such reduction is on the basis of something which may happen in the future, based upon long range forecasts, which will likely be wrong if the DNOs get their GDUoS charging signals right for incremental generation.	

E.ON UK	No. We have two reservations about the approach proposed. The first of these is the lack of consistency between generation and demand signals. If a generator is connected to a generation dominated substation it is understandable why there may be some form of charge associated with this. However, from our understanding a demand customer connecting to the same substation would see a charge too. This has to be of concern to CHP sites where demand and generation charges could be applicable at the same time. Secondly, it seems somewhat subjective to predict when a substation may become generation dominated within the following 10 years. Signals should be provided in response to actual events. Therefore, we believe that any cost signals should be applied when a substation is actually dominated by generation, not in response to a forecast which may not be correct. However, we do believe that a forecast as proposed would be very useful in assisting generators to predict when changes in charges are due to occur.	It was noted that the proposal is to remove credits not to charge. See comments to CLP response regarding forecasts.
Electricity North West	Yes	Noted
GDF Suez	Yes	Noted
Green Cat Renewables Ltd	No, the whole UK electricity network needs to be modernised and a much wider view should be taken of the optimum way to achieve this. The UKs renewable resources are located in areas that are not ideal for the current electricity grid and this proposal will act as a disincentive to the development of much of that resource. The distribution network should be developed to allow the best use of the UKs natural resources and this requires a much broader strategic review than this proposal suggests.	It was noted that the proposal is seeking to make DUoS prices cost reflective. A wider view is outside of the scope of the Change Proposal. It was noted that paying a credit is an incentive, however, prior to the introduction of the CDCM generators received no credits so not paying a credit should not be viewed as a

		dis-incentive as it is effectively a neutral position.
GTC	We agree that generators in generation dominant areas impose different costs/benefits on distribution networks as opposed to generation on demand dominant areas and that charges/ credits to customers should be reflective of those costs. To that extent we agree with the intent of the CP	Noted
Infinis	No we are not supportive of the principles of the CP. The rationale behind generation credits is that generation allows network reinforcement to be deferred. By its very presence the generation has allowed more demand customers to connect to the primary substation and has therefore delayed reinforcement and should continue to receive credits. There is already a mechanism to discourage generators from connecting to undesirable locations in the form of connection charges. Connection charges currently encourage efficient use of substations and incentivise generators to optimise connections to be no larger than the maximum available capacity. Generators who wish to connect at levels which trigger reinforcement are charged significantly more for system upgrades. It does not seem appropriate that a generator should effectively be charged twice for system upgrades. The current system encourages maximum network utilisation and thereby it leads to the maximum deferral of demand side reinforcement. The proposals would encourage an inefficient use of substations which ultimately lead to demand side reinforcement which would be unnecessary under the current regime. In addition the proposals to limit generation credits based on	It was noted that the Change Proposal relates to credits not charges. The Working Group noted that credits would not be removed for generation dominated substations from ten years in advance but rather 7.5 years. It was highlighted the aim of the CP is to reduce the need for reinforcement. If a new connection has driven reinforcement then this location would not be generation domination because the reinforcement would already have occurred. The general move towards locational charging is due to the move to the shallowish connection charging methodology. It was noted that DCP 137 is not intended to

	predicted levels of future generation are flawed. If implemented the removal of credits should only apply at the time that reinforcement becomes necessary. Proposals to start removing credits up to 10 years ahead of an area becoming demand dominated are unreasonable. It is not possible to accurately predict the demand profile of a particular substation so far in advance and a more reasonable outcome is to remove the credits once the reinforcement has been undertaken. This should be done in partnership with generators who may themselves decide that their full export capacity is no longer needed. Finally, the network exists to serve demand customers and it is they who should ultimately bear the cost of reinforcement. Currently the majority of demand is at the LV level and there is no step change in DUoS charges or any other charges if demand growth precipitates reinforcement works at the substation.	change the network planning rules. A change could not be introduced if it were to encourage inefficient use of substations as it would be a breach of DNO's licences. The Working Group do not believe that DCP 137 would encourage inefficient use of substations.
Northern Powergrid	Yes	Noted
Power Data Associates	N/A	
Renewable Energy Association	No. The justification for generation credits is that the generation should allow demand reinforcement to be deferred. The majority of demand is generally connected at low voltage and sees neither a step change in DUoS charges nor any other change in charges if reinforcement at the primary substation is precipitated by its growth. High voltage connected generation defers demand reinforcement i.e. its presence allows more demand to be connected to a primary	The Working Group noted its agreement that the majority of HV connected generation does defer demand reinforcement and generation credits will continue to be paid in the majority of circumstances. The group noted that this proposal is only seeking to remove credits where there is a clear signal that the substation is or will be

	substation without reinforcing the substation. If new generation or an increase in the requested export capacity of existing high voltage connected generation causes the primary substation to require reinforcement that there would be a significant connection charge to be paid by that generator. In other words there is already a significant charging signal to "discourage" high voltage connected generation from connecting or increasing its capacity if doing so would require reinforcement of the primary substation. There is no such financial incentive for low voltage connected demand (which forms the majority of demand). The important question is whether if a primary substation is generation rich to the extent that any more generation will require the primary substation to be reinforced it should receive a DUoS credit. We think that it should as its presence is allowing more demand to be connected at the substation without reinforcement and the issue of possible reinforcement due to additional generation is not relevant as any new hv connected generator would effectively be charged for this directly through its connection charges. In other words generation defers demand led reinforcement whether there is just a bit of generation or the maximum generation that the primary substation can accommodate. HV connected generation led reinforcement is discouraged through the connection charging mechanism. There is also the issue of efficient network usage and generator sizing to consider. HV connected generators are larger relative to primary substation capacity than lv connected demand (or generation). Quite often when sizing a project hv connected generation developers will opt for the precisely maximum size that does not require reinforcement at the primary substation. This	generation dominated.

	gives maximum network utilisation (and maximum deferral of demand growth potential without requiring demand led reinforcement). This is an efficient outcome in terms of network utilisation and maximising potential for demand growth without requiring reinforcement. If the proposed changed were introduced the incentive would be to leave just enough spare export capacity to remain non generator dominated which is not an efficient outcome.	
Res	Yes, although RES would urge the Working Group to consider the need for a methodology that promotes stability of charges as well as cost reflectivity as part of promoting effective competition in generation. In light of the information made available, RES is not in a position to understand the potential for year on year change in CDCM credits arising from the proposal. RES would also urge the working group to consider the impact of non-standard defined terms on the definition of what it is to be Generation Dominated across different DNO networks. Of particular interest is the "Min Demand" term, nothing that different DNOs apply different definitions within their LTDS. RES would seek clarification as whether it intended to use a substation specific minimum demand figure, based on historical data, or whether it will reflect a generic scaling factor (usually between 30 and 35%) as referred to in many LTDS.	The group noted that the CP looks over a relatively long time frame, which should limit year on year volatility. It was noted that one of the options in the original MIG GDA report was dismissed by the Working Group because it gave a binary price signal that was much more volatile. It was highlighted that in the long term development statement a scaling factor is only used in the absence of actual data with the factor deemed to be an appropriate substitute value.
Smartest Energy	Yes. This change proposal will provide an appropriate price signal to encourage generators to locate plant at alternative network locations.	It was noted that removing a credit is not necessarily designed to encourage generators to locate elsewhere. The aim is to create a credit neutral position, reflecting that there could be generation driven costs at this

		location.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes.	Noted
SP Distribution and SP Manweb	Yes we are supportive of the principle of the CP.	Noted
UK Power Networks	Yes	Noted
Western Power	No	Noted
Question Three	**Do you consider that the proposal better facilitates the DCUSA Objectives? Please provide supporting information.**	**Working Group Comments**
The Working Group noted that nine respondents agree that the CP better facilitates the DCUSA objectives and five disagree. A further two respondents neither agreed nor disagreed and one felt that some DCUSA objectives are better facilitated whilst others are not.		
Alkane	It is Alkane Energy's view is that this proposal will distort	The Working Group noted that one of the

	competition in the generation, transmission and distribution of electricity. The CP proposes that GDUoS should be gradually removed from generators BEFORE a primary substation becomes GDA. This is despite the fact that UPTO the point a primary substation becomes GDA those generators are still providing the DNOs with support that minimises the DNO's costs in providing re-enforcement caused by an increase in demand on that primary sub station. The inaccurate nature of forecasts will further distort competition by the fact that generators connected to primary sub stations that are forecast to become GDA that turn out not to become GDA or the point at which the primary substation becomes GDA is longer than anticipated will incur higher than appropriate reductions in GDUoS payments. Conversely generators connected to primary sub stations that become GDA more quickly than forecast could benefit from overall lower reductions in GDUoS payments compared to generators on other GDA primary sub stations, as the timescale over which they are penalised will be compressed. The mechanism of withdrawing GDUoS in 33% steps is arbitrary and not reflective of the actual costs of providing re-enforcement at that particular primary sub station. The arbitrary and random nature of the timescales over which the DNOs will reduce GDUoS payments and the arbitrary nature of the reductions in the GDUoS benefit will almost certainly be an excessive burden on HV generators and result in an undeserved windfall benefit to the DNOs. There are already mechanisms that both act as a disincentive to	objectives of the working group was to introduce a straight forward approach, hence the reduction of credits in 33% steps. See the previous working group comments regarding forecasts. The removal of credits does not provide a windfall benefit to DNOs. DNOs are neutral to the application of credits, any reduction in credits would result in lower demand charges.

	generators to connect to a primary that is close to becoming GDA and that same mechanism provide DNOs with the majority of the revenue required to undertake re-enforcement of primary substations. That mechanism is the non-contestable element of the connection charge DNOs impose on a generator when it applies for a connection to a potentially GDA primary sub station.	
CLP	No. In detail: CDCM objectives 1. Whilst there are obligations on the DNOs to review the charging methodology and bring about changes to improve it, this proposal is not an improvement (for reasons given previously) so does not discharge the DNOs' statutory and license obligations. 2. The proposal does not better facilitate competition in anything and indeed distorts it by discouraging additional generation based upon long term forecasts rather than actual data. 3. On the basis that demand growth will continue, generator credits do accurately reflect the saving of costs that are reasonably expected to be incurred to meet that demand growth. If no generation led reinforcement is actually incurred then and the substation remains increasingly demand dominated) the removal of the credits does not reflect any costs incurred. There remains the issue of whether generation led reinforcement costs are reasonably likely to be incurred in the future. As there is a connection charge that would be payable by high voltage connected generation, if generation led reinforcement were to occur in the future any additional charge or reduction in DUoS benefit is double charging for these costs. The proposal does not	It was noted that if demand growth does increase then credits will remain or could increase. With regards to general objective one, the Working Group does not believe that the CP discourages generation from utilising the full export capacity.

	therefore meet this objective. We do not think that objectives 4 and 5 are relevant to this change proposal. General Objectives 1. The proposal does not better promote an efficient and economical distribution system. It discourages generation from utilising the full export capacity of primary substations (which is an efficient outcome) and therefore does not maximising the deferment of demand led reinforcement. Actual generation led reinforcement of primary substations is already charged to high voltage connected generators through the connection charging methodology. 2. See the response to item 2 of the CDCM objectives. 3. See the response to item 1 of the CDCM objectives. We do not think that objectives 4 and 5 are relevant to this change proposal.	
E.ON UK	Not in its current form no.	Noted
Electricity North West	Yes, we agree that the change proposal better meets the DCUSA objectives.	Noted
GDF Suez	We believe the proposal does better facilitate these objectives, in particular objective 3 of the CDCM Objectives, as the proposal increases the cost-reflectivity of charges.	Noted
Green Cat Renewables Ltd	This proposal would comply if you take a very narrow view of these objectives. In some senses this proposal lets the DNOs off the hook for having to find innovative ways of getting more generation onto the	The working group noted that DCP 137 is only designed to make HV generation credits more cost reflective.

	network more efficiently. We would much rather see incentives put in place for DNOs to make more use of innovative ways of getting more generation onto the network through greater use of demand side management non-firm connection offers, active network management, storage etc not to mention common sense in the way the treat contracted connections that are not being built. Currently DNO seem to be stuck in the mindset that the only solution is to build new and bigger wires and find someone else to pay for it.	DNOs generally are working on a variety of schemes to allow more generation to connect using innovative methods.
GTC	Yes	Noted
Infinis	No we do not agree <u>CDCM Objectives:</u> 1. The proposals suggested are flawed and do not improve the charging methodology. As such this review does not relieve the DNO of their obligations. 2. This proposal does nothing to facilitate competition and in fact is attempting to discourage optimum and efficient use of existing assets which would in turn allow greater demand growth without reinforcement. 3. The proposals do not result in cost reflective charges. Removal of credits for substations which may require reinforcement in the future do not take in to account that reinforcement may never be required. Credits should never be removed before the reinforcement is actually necessary. In addition the DNOs are already recovering significant reinforcement costs through the connection	The Working Group noted Infinis' comments, however, the group agreed that the CP is a more cost reflective approach.

	charges. Points 4 and 5 are not relevant to this proposal <u>General Objectives:</u> 1. The proposals do not encourage an efficient use of the distribution system. These proposals will discourage full utilisation of the export capacity of primary substations. This will in turn lead to the hastening of demand led reinforcement. 2. See response to question 2 of the CDCM objectives. 3. See response to question1 of the CDCM objectives. Points 4 and 5 are not relevant to this proposal	
Northern Powergrid	Yes – We agree with the working group's assessment.	Noted
Power Data Associates Ltd	N/A	Noted
Renewable Energy Association	No. In detail: <u>CDCM objectives</u> 1. Whilst there are obligations on the DNOs to review the charging methodology and bring about changes to improve it this proposal is not an improvement (for reasons given below as well as in the previous section) so does not discharge the DNOs' statutory and license obligations. 2. The proposal does not better facilitate competition in anything and indeed distorts it by discouraging additional generation where such additional generation would not	The group noted that in the majority of circumstances generation credits would remain. With regards to the second point, the working group noted that the CP seeks to make credits more cost reflective, not to encourage or discourage generation. With regards to the third point the working group noted that the CDCM is a forward looking methodology therefore it is based on

	cause any reinforcement and would allow more demand growth without reinforcement to occur. 3. On the basis that demand growth will continue generator credits do accurately reflect costs saved that are reasonably expected to be incurred to meet that demand growth. If no generation led reinforcement is actually incurred then the removal of the credits do not reflect any costs incurred. There remains the issue of whether generation led reinforcement costs are reasonably likely to be incurred in the future. As there is a connection charge that would be payable by hv connected generation if generation led reinforcement were to occur in the future any additional charge or reduction in DUoS benefit is double charging for these costs. The proposal does not therefore meet this objective. We do not think that objectives 4 and 5 are relevant to this change proposal. <u>General Objectives</u> 1. The proposal does not better promote an efficient and economical distribution system. It discourages generation from utilising the full export capacity of primary substations (which is an efficient outcome) and maximising the deferment of demand led reinforcement. Actual generation led reinforcement of primary substations is already charged for for hv connected generators through the connection charging methodology.	anticipated costs rather than actual costs. Pricing in this way is intended to prevent costs from materialising, resulting in lower charges in future years. If a connection charge reflected a reinforcement of the substation then these substations would no longer be generation dominated and credits would be applied until the circumstances changed at some stage in the future. It is not the intent of the Change Proposal to introduce charges to generation. See previous responses with regards to the general objectives.

	2. See the response to item 2 of the CDCM objectives. 3. See the response to item 1 of the CDCM objectives. We do not think that objectives 4 and 5 are relevant to this change proposal.	
Res	If DCP137 is to better satisfy relevant objectives it must strike the appropriate balance between cost reflectivity, in order to better meet CDCM objective 3, and charge / credit stability. RES considers that there is further work required in defining the original proposal (most notably in relation to the definition of min gen), considering the impact of different definitions of standard terms between DNOs and also in analysing the likely impact on year on year charges before it can be concluded that DCP137 better satisfies relevant objectives than the status quo.	The group noted that additional working notes would be produces as part of the Change Report.
Smartest Energy	We believe the proposal meets the General Objectives 1,2 and 3	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes. We believe that the proposal better facilitates the DCUSA CDCM objectives 3 and 4, by applying differentiated credits to HV level distribution that reflect costs incurred to DNO's network development. Also it better facilitates DCUSA general objective 1, through providing locational cost signals to end customers which encourage new connections to connect in areas less likely to trigger network reinforcement.	Noted
SP Distribution and SP	We agree with the working group assessment that the CP better meets general objectives 1, 2, and 3, plus charging objectives 1, 2,	Noted

Manweb	3 and 4.	
UK Power Networks	We believe that this change better facilitates the objectives by continuing to reward customers (by the use of DUoS Credits) from whom as the DNO a benefit is seen, and reducing or removing the reward where the generator is causing a need to reinforce the network.	Noted
Western Power	We believe CDCM Objective 1 and General Objective 3 are better facilitated as DNOs have an onus to keep this matter under review, CDCM Objective 3 is better facilitated as this is our most accurate view of costs on our network, and CDCM Objective 4 is better facilitated as this is a forward-looking methodology change. However, we believe that the proposal is detrimental to CDCM Objective 2 and General Objective 2, as it will become very difficult for suppliers to forecast generation charges, they will not know when a primary is likely to move between the charging bands and they will not know which primary a customer connects to when they take that customer on. They could also have customers switching between different bands year on year, increasing the volatility of the CDCM tariffs. This also has an impact on IDNOs who will have equal difficulty in forecasting changes in the tariff bands of the primaries they connect to. We also believe that it is detrimental to General Objective 1, as it will be difficult for DNOs to give accurate indications of which tariff band a customer will be on. If we receive several requests for indications of the tariff band over the year and all of the applications of connection of generation go ahead we may find that it pushes the primary into a higher generation band, however	The Working Group understands that more information will need to be provided to enable accurate information to be passed on. The group noted that they would need to consider how to inform stakeholders. It was noted that this topic will be discussed at question 9. The Working Group noted that there is a trade off to be made between cost reflectivity and volatility. It was noted that the volatility will only affect a small group of customers initially, however, the Change Proposal could affect the business case for new distributed generation. It was highlighted that these are not charges but rather a reduction in credits. The group noted that there is not an entitlement to generators to receive a credit. Credits are given where there is a perceived benefit to the

	if we assume all enquiries are going ahead then we may deter generation in an area that does not warrant it. This issue has already been encountered with the location charging regime of the EDCM.	network. It was noted that prior to the CDCM generators received no credits at all, so any credits that are received should be viewed as a benefit. It was suggested that it may be disproportionate to remove the credits from a small set of customers given the impact that it will have on generators as a whole. It was highlighted that going forward the impact of generation may be more of an issue as generation growth increases. The Working Group noted that it does appear that in some ways there is a clash with the way that charges are socialised, as this Change Proposal is a move away from the socialisation of generation charges while there is no similar change for demand. It was highlighted that demand sits outside of the scope of DCP 137. It was suggested that if generators are not providing a benefit then it is unfair to use other customer's money to pay credits to them. For this reason generation and demand are different.

Question Four	Do you have any comments on the proposed legal text?	Working Group Comments
Alkane	As Alkane Energy opposes the principle proposed for recovering the cost of re-enforcement caused by a primary substation becoming GDA, Alkane Energy also opposes the proposed legal text.	Noted
CLP	No	Noted
E.ON UK	No thank you.	Noted
Electricity North West	We agree that the legal text fulfils the objective of the change proposal	Noted
GDF Suez	No.	Noted
Green Cat Renewables Ltd	The text seems to meet the objectives of the change	Noted
GTC	No	Noted
Infinis	No comments	Noted
Northern Powergrid	Not at this time.	Noted
Power Data Associates Ltd	Attachment A - I do not see the value/purpose of publishing single rate HV generation charges. Note 1 under the tables explain that single rate are published to facilitate NHH trading. Any connection at HV should be required to be HH metered. Particularly bazaar is the inclusion of single rate tariffs in Table 2 which is headed HH metered!	The CDCM methodology contains single rate HV generation charges for intermittent generation connected at HV. This is because intermittent generation is unable to react to the red, amber, green timebands. The Working Group noted that this comment is not relevant to the change proposal.

		It was noted that DCP 108 (Availability of the non Intermittent Generator Tarriff) had been raised to introduce multi-rate for intermittent generation. This Change proposal was rejected by Ofgem.
Renewable Energy Association	No	Noted
Res	No particular comment.	Noted
Smartest Energy	No	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	No.	Noted
SP Distribution and SP Manweb	None.	Noted
UK Power Networks	We are satisfied that the proposed legal text is suitable for the change as currently defined.	Noted
Western Power	No	Noted

Question Five	Are there any alternative solutions or matters that should be considered by the Working Group?	Working Group Comments
Alkane	Rather than dissuade generators from connecting to GDA primary substations the industry should allow generators to self regulate themselves by providing good quality information on GDA primary substations. This information should include for each primary substation the estimated timescale of when the DNO thinks it will become GDA, using the methodology proposed in this CP, but in addition the DNOs should publish the remaining capacity on a primary substation before it becomes GDA. By publishing this information generators can make a decision very early on in their project life cycle as to whether they wish to go ahead with the project or if feasible relocate the project to a nonGDA primary substation. Thus giving generators at a very early stage in the project lifecycle the choice of either relocating their project or proceeding in the full knowledge that they are likely to incurring the higher connection costs.	The Working Group noted that information will be published by each DNO to show which primary substations are currently or are likely to become generation dominated. This will enable generators to make decisions regarding their projects early on within the project lifecycle. However, the Working Group agreed that this information would not remove the need for a financial incentive and that generators should not continue to receive credits where they are driving costs on the DNOs network.
CLP	No. The working group was set up with a very specific brief.	Noted
E.ON UK	As we mention above, some form of signal which corresponds to actual generation dominance of substations would be appropriate.	It was noted that the proposal is to remove credits not to charge.
Electricity North West	No	Noted
Smartest Energy	This solution may lead to additional LLFs; there is a number of DNOs where it has been identified that there is not spare capacity for additional LLF numbers. It may be prudent that the LLF codes are replaced with an alpha numeric code or increased to make	The working group is aware of this issue, but the introduction of alphanumeric codes for LLFCs is outside the scope of this change proposal.

	numbers 1000-9999 available alongside this change.	
GTC	None that we are aware of.	Noted
GDF Suez	No.	Noted
Green Cat Renewables Ltd	DNOs should be incentivised to make more use of innovative ways of getting more generation onto the network, this should include; • Disregarding contracted capacity, that is not being taken up either because of lack of planning consent or finance, in calculation of available capacity; • Greater use of demand side management; • Offering non-firm or constrained connection offers; • Active Network management; and • Distributed storage All of these have been talked about for years but there have never been the financial incentives to drive their uptake.	The current system of credits provides an incentive for generators to connect, but this should only apply where the generator is bringing a benefit to the network. The Working Group noted that this change proposal is to look at removing the DUoS benefit from generation connecting in locations where it is driving network costs. It was noted that there are other working groups and initiatives looking at the items listed by the respondent.
Infinis	No, the working group was established with a specific scope. No other options need to be considered as the current system along with connection charging is providing the correct signals.	Noted
Northern Powergrid	Not that we are aware of at this time.	Noted
Power Data Associates Ltd	N/A	Noted
Renewable Energy	No. The working group was set up with a very specific brief. There are ways in which CDCM charges for generators could be	Noted

Association	made more cost reflective (for example giving credit in some cases related to the voltage of connection) but any discussion of these should be initiated under a new change proposal.	
Res	In relation to the activities of the Working Group, RES notes that, according to paragraph 2.5 of the consultation document, the Working Group has not included participation from generators. It would appear to RES that the process, relating to a generator charge / credit, would appear to be flawed in the absence of direct input from generator participants. In relation to the proposal itself, RES understands the merits of the overall approach being put forward by the Working Group and also the rationale behind the alternative options. RES would only reiterate the need for further work to clarify the detail of the proposal (e.g. min gen definition) and the effects of the proposals on year on year volatility.	Prior to the DCP being raised, the initial working group included generation representatives. The proposal was developed by DNOs to meet a CDCM condition placed on them by Ofgem. As the proposal has been developed it has been the subject of stakeholder consultation and independent economical analysis. In addition, the DCP 137 consultation was re-issued to a wider audience to ensure generation companies were able to view the change and comment on it.
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	No.	Noted
SP Distribution and SP Manweb	No	Noted

UK Power Networks	No we believe the DCP137 working group and the previous MIG Sub Group previously have considered all suitable options.	Noted
Western Power	GDAs are a very minor issue and we feel that the extent of this proposal is unwarranted given the scale of the problem it is trying to resolve. At this point in time we believe that the status quo is adequate, especially given industry developments (see below).	The Working group noted that although there is currently a relatively small number of generation dominated primaries, this change proposal is giving a forward looking signal which should reduce the likelihood of more generation dominated primaries in the future and reduce DNO reinforcement costs. WPD highlighted that for them it is not on the HV or LV side that the increases are expected in their four DNO areas, but rather on the EHV side. Therefore, they believe this CP targets the wrong customer group. It was noted that the CP had been limited to HV based on work carried out by an economic consultant, as to include LV would be very expensive.
Question Six	**Are you aware of any wider industry developments that may impact upon or be impacted by this CP? If so, please give details, and comment on whether the benefit of the change may outweigh the potential impact and whether the duration of the change is likely to be limited.**	**Working Group Comments**
Alkane	Alkane Energy is not aware of wider industry developments that may impact upon or be impacted by this CP.	Noted
CLP	No	Noted
E.ON UK	Yes, Ofgem wants to the industry to put in place enduring	DUoS charges are independent of transmission

	transmission charging arrangements for embedded generation in time for implementation in 2016. If embedded generators are to be exposed to some form of transmission use of system charge, it is vital that the distribution charging regime that they are exposed to is consistent. We believe that it would be premature to change distribution charging signals at this point and that any changes should be considered holistically across distribution and transmission.	charges, any work done by NGET on transmission charges would not impact decisions on the structure of DUoS charges. The group noted that DNOs can only apply charges that relate to the DUoS element. It is feasible that the DUoS may be a credit and the TNUoS may be a charge. If Ofgem would like to bring the two into alignment they could give the direction to do so.
Electricity North West	No	Noted
GDF Suez	No.	Noted
Green Cat Renewables Ltd	The significant cuts to the FITs are going to significantly slow the rate of new HV generation projects coming through. It will probably take 12 months or so for this to filter through to the number of applications coming forward, but you may find that the perceived problem has significant diminished by the time this comes into effect.	It was noted that this is outside the scope of the Change Proposal and does not appear to impact the proposed solution.
GTC	An area of concern to us is treatment of generation on IDNO networks. We think this is separate and not for consideration as part of this CP; however, we make the point for completeness.	Noted
Infinis	We are not aware of wider issues.	Noted
Northern Powergrid	There are a number of CDCM related changes being considered at the moment. Any of these that impact on the functionality of the model will have an impact on this change proposal.	Noted
Power Data	N/A	Noted

Associates Ltd		
Renewable Energy Association	No	Noted
Res	RES would note Ofgem's recently publicly stated intention to review transmission charging and embedded benefits for distribution connected generation in 2014 once the work of project transmit concludes and also its recently concluded consultation on EDCM for export. RES would urge the Workgroup to be mindful of the need for a co-ordinated and consistent approach to network charging as these different change processes progress.	DUoS charges are independent of transmission charges, any work done by NGET on transmission charges would not impact decisions on the structure of DUoS charges.
Smartest Energy	No	Noted
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	No.	Noted
SP Distribution and SP Manweb	No	Noted
UK Power Networks	We do not believe that there are any other changes which have a direct impact upon this change.	Noted

Western Power	The NHH/HH billing group (MIG 22) is looking at the possibility of moving away from tariffs based on profile class and introducing tariffs based on voltage levels. Until this group has concluded we feel any significant change to current tariff structures is somewhat premature as it may prove to be abortive.	The working group feels that the tiered approach to HV Generation charging can be layered on top of any change to the underlying structure.
Question Seven	**Are you supportive of the proposed implementation date of 1 April 2013?**	**Working Group Comments**
The Working Group noted that of the respondees 11~~0~~ are against the implementation date, five ~~six~~ support it and one abstained.		
Alkane	Alkane Energy PLC does not support the CP in its current form and therefore is not supportive of an implementation date of the 1st April.	Noted
Electricity North West	Given the small number of customers affected, we do not feel that the issue of generation dominated primaries is currently a major issue for DNOs. Consequently, we would encourage the working group to consider whether a April 2014 implementation date would be more appropriate, given the large number of change proposals planned for April 2013.	Noted
CLP	We are not at all supportive of this change being implemented, ever.	Noted
E.ON UK	No.	Noted
GDF Suez	Yes.	Noted
Green Cat Renewables Ltd	If it is to be implemented this seems fair	Noted
GTC	Whilst we are happy with a 2013 implementation date we feel that a 2014 may be more appropriate.	Noted

Infinis	We are not supportive of the implementation of this proposal	Noted
Northern Powergrid	No – looking at the information in the report from the MIG generation dominated areas working group the number of generation dominated areas, at a national level is less than 5%. Given that this is a relatively low percentage the implementation of this proposal would appear to be an undue complication of the current CDCM model and should only be considered when the level of generation dominated areas significantly increases. We feel that the earliest this should be implemented is April 2014, however given the relatively small numbers there could be merit in delaying until a more significant volume of GDA is determined.	The group noted the respondent's view that the implementation should be delayed until there is a big enough problem to justify the additional complication.
Power Data Associates Ltd	N/A	Noted
Renewable Energy Association	We are not supportive of this change being implemented.	Noted
Res	Assuming that further Working Group work can be progressed and concluded promptly, 1 April 2014 seems reasonable.	Noted
Smartest Energy	No, we believe that an implementation date of 01/04/2013 does not give sufficient time for the industry to adjust forwards prices for generation taking account of the impact this change has on prices for only some generators. It will cause additional risk premia to be deducted from the unaffected generators where suppliers cannot be certain of the generators' charging qualification prior to contracting. We favour a phased implementation whereby if the change proposal is implemented, during the start of 2013 the affected	Noted

	generators are informed of the upcoming change and are migrated to new LLF classes. These would allow suppliers to identify the generator for charging from April 14 onwards and not have unintended impact on the forwards prices available to unaffected generators.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes	Noted
SP Distribution and SP Manweb	No, we believe the timescale is too tight to allow the CDCM model to be updated in time for DNOs setting indicative charges in December and support implementation being postponed until 1 April 2014. Other internal systems will need to be updated (e.g. billing) and MDD.	Noted
UK Power Networks	We are supportive, subject to all relevant parties being able to agree, and Ofgem approval being granted before the end of the year. A final decision will need to be known prior to the setting and publication of the indicative charges which will commence from early November 2012, in order to be included in the indicative charges which will take effect from 1 April 2013. If this is not	Noted

	possible then this change should be implemented for 1 April 2014.	
Western Power	We are not supportive of the implementation of this proposal, however we feel that April 2013 is insufficient time to communicate this change to the industry as well as set tariffs, update the GDA list, and make necessary MDD changes.	Noted
Question Eight	**DNOs currently convey charge information using the charging statement. DNOs propose to display the applicability of the new charges in a new annex to the charging statement:** • **What level of information should be included?** • **Do you have any suggestions on how this information should be presented?**	**Working Group Comments**
The Working Group noted that the responses to question eight all suggest that sufficient information needs to be provided. DNO responses tend to focus on providing the information in a similar format to the current statement. Suppliers wish to be able to establish what charges are applicable to specific customers. Generators would like to know information on specific primary substations, the charges applicable and indications of level capacity remaining. The Working Group noted that a list of primary substations (nodes/locations) is currently published in spreadsheet format in the LC14 statement. It was noted that information on when a substation is expected to become generation dominated could be added to this statement. The group agreed that this should be part of the review LC14 statement prior to the DCP 137 implementation date. **Action: All**		
Alkane	DNOs should use the methodology proposed in CP to calculate when each primary substation will become GDA. The source data, methodology used and the results of the calculations of when a primary sub station becomes GDA should be published in the charging statements. DNOs should also publish the remaining	Publish source data, methodology and results including non-GDA capacity.

	nonGDA capacity at each primary sub station.	
CLP	It should include for each primary substation whether it is generator dominated and the tariff for that substation. In other words high voltage generator tariffs should be listed by primary substations. It should be possible to save space by categorising primary substations into those that are generator dominated within various periods and then giving the tariff for each category. Given that these charges are meant to provide location signals to new generators, each connection cost quotation should include proposed GDUoS charges for that] generation.	For each primary substation, whether it is GDA or not and the appropriate HV tariff. Each connection quotation should include the tariff.
E.ON UK	So far the level of information provided has been patchy. Generators need to know which substation they are allocated to as well as the likely charge impact. The spreadsheet that was circulated with this consultation had affected MPAN numbers for some DNOs but not all. This should be rectified.	HV generators to know which primary they are connected to as well as the charge
Electricity North West	The new tariffs should be placed in the existing Annex 1 for HV / LV tariffs as there are only 6 new tariffs which does not warrant a new Annex. The LLFC can be used to identify the customers to which the new tariffs apply.	Place 6 new tariffs in annex 1 and use the LLFC to identify which tariff applies.
GDF Suez	Sufficient information to allow Suppliers to accurately pass through charges and explain these to customers should be provided.	Provide sufficient information to allow suppliers to pass on charges and explanation to customers.
Green Cat Renewables Ltd	As long as the information is readily available then this seem sensible. Some sort of online searchable map that can be used to give an early heads up at project planning stage would be helpful.	Readily available information. Online map would be useful.
GTC	The charging statement should only contain information that is directly relevant for the calculation of charges. To that extent the	Presentation of information should be consistent with information on other tariffs

	level of information should be consistent with that published in respect of the application of other use of system tariffs. Presentation of information should be consistent with the presentation of information on other tariffs. We would not support the evolution of the charging statement to contain information of direct relevance to charges.	and only where directly relevant.
Infinis	The charging statement is the most suitable way of doing this. The statement should include whether the primary substation is generator dominated, the amount of available export capacity and the individual tariff for that substation. In addition the statement should be available to both the supplier and the generator.	Provide whether the primary substation in GDA the amount of available export capacity and the individual tariff. Statement should be available to both supplier and generator.
Northern Powergrid	This question needs input from suppliers. The LC14 Statement is the only place to currently display this type of information, however there is the likelihood that sites can move year on year from being GDA to not GDA, dependant on development on the DNO networks.	LC14 is the only place to currently hold this information. There is the likelihood that sites could move year on year from GDA to not GDA.
Power Data Associates Ltd	N/A	
Renewable Energy Association	It should include for each primary substation whether it is generator dominated and the tariff for that substation. In other words hv generator tariffs should be listed by primary substations. It should be possible to save space by categorising primary substations into those that are generator dominated within various periods and then giving the tariff for each category.	For each primary substation, whether it is GDA or not and the appropriate HV tariff for that substation.
Res	Predictability and visibility of future charges is particularly valuable	Provide a 5 year rolling forecast of which

	to generators in funding and operating their businesses. To achieve greater visibility of the impact of DCP137, RES would propose that DNOs publish a 5 year rolling forecast of which substations will become generator dominated. This information could be presented in a manner consistent with that used for the Generator Dominated statement for the relevant charging year. RES would also request that, where data that is not listed elsewhere in the same document (i.e. the charging statement) then relevant data used in the GDA calculations be either referenced or listed against each GDA substation.	primary substations will become GDA. Information to be presented in a manner consistent with the charging statement. Relevant data used in the calculations should be referenced or listed against each GDA substation. The working group noted that currently the GDA uses 10 years of forecast data to calculate the GDAs. Therefore this would reduce the information provided and change the intent of the change proposal.
Smartest Energy	Suppliers need to be able to identify prior to contracting the generation credit qualification status of a generator. This can be done in two approaches, either by creating new tariffs with a new LLF which will allow suppliers to identify the generator correctly on ECOES, or by producing an additional schedule where the generation credit qualification status of each HV export MPAN in a network is listed.	Provide a way that suppliers can identify the charges applicable to a generator.
Southern Electric Power Distribution plc and Scottish Hydro Electric	We consider that the new charges annex should provide the following information: • LLFC • Elements of Charges • Profile class This should be in the same format as the current tariffs.	Provide a new charging annex with the relevant information.

Power Distribution plc		
SP Distribution and SP Manweb	The list of Primary substations should be included within the statement and the applicable LLFCs.	Provide list of primary substations and the applicable LLFCs within the charging statement.
UK Power Networks	We would need to provide sufficient information to allow any party looking at the annex to understand how they would be impacted by this change to the charges. It would be useful to make use of a template similar to the annexes currently used so that it feels part of the existing Charging Statement.	Provide sufficient information to allow any party to see the charges and in a similar format to existing annexes.
Western Power	The charges would have to be based on postcode, as suppliers taking on newly connecting customers will not have MPANs and suppliers have no view of the connectivity of the DNO's network. This would have to present as a list of all postcodes in the DNO's area and the band that they fall in. Unfortunately one post code may be fed from several primaries, but this will be the minority of times.	Provide charges based on postcode so that information on charges is available even if they don't have an MPAN.
Question Nine	**DNOs would need to provide a list of primary substations that are generation dominated:** • **Is the charging statement the best way of providing this?**	**Working Group Comments**
Alkane	Yes.	Noted
CLP	Yes. It would also be useful either in the charging statement or an	Noted. The Working Group also noted that a

	associated document (part of the annual review pack?) to provide details of how much additional generation connecting immediately would move each primary substation into becoming a generator dominated area or into a different class (look ahead time period) of GDA.	reduction in demand as well as additional generation could cause a GDA.
E.ON UK	Yes. It would be helpful if as much information as possible relating to charging was held in one place.	Noted
Electricity North West	The working group should consider if a flag could be introduced on the existing list of primary substations in Annex 6 to indicate if the primary is generation dominated.	Noted
GDF Suez	Yes.	Noted
Green Cat Renewables Ltd	Yes but as above a searchable map so that this can be easily built into the site screening process would be useful.	Noted
GTC	To the extent that the list is essential for determining charges we are happy for the information to be part of the charging statement. However, given that this list could change within a charging year, an alternative approach might be to maintain the list separately with the charging statement providing a web link/ contact details.	Noted
Infinis	Again the charging statement is the best way to achieve this. It should list all substations and indicate how much available capacity still exists.	Noted
Northern Powergrid	It would not seem unreasonable, especially given the fact that we include nodal prices in the condition 14 statement. This would probably need another Annex adding to bother the LC!4 and the excel spreadsheet.	Noted
Power Data	Distributors should publish a list of all primary substations together	Noted. The Working Group mentioned that

Associates Ltd	with their capacity (MVA) and the demand satisfied from generation (MVA) such that perspective generators can see the proportion available, and the impact of their proposals. If this was published as a list showing all primary substations and the figures each year for: substation capacity, demand & demand met from generation (the underlying data described in the CP which the Distributor has used to determine the proportion of generation/demand). Then the trend and rate of changes (load reduction would be evident to all. The underlying information should be provided on the Distributor website. The list of impacted substations should be included in the charging statement.	the information requested is generally already available in the LTDS produced by each DNO.
Renewable Energy Association	Yes. It would also be useful either in the charging statement or an associated document (part of the annual review pack?) to provide details of how much additional generation connecting immediately would move each primary substation into becoming a generator dominated area or into a different class (look ahead time period) of GDA.	Noted
Res	Yes	Noted
Smartest Energy	We do not think the charging statement is necessarily the best document for providing a long list of primary substations, this would potentially add complexity to the document without providing interpretable information. A more stakeholder friendly approach may be a postcode list or a colour coded network and region map. To retain investor confidence in the value of generation credits and thus retain their benefit to demand consumers, it is essential that DNOs provide clear 'bankable' information which details where	Noted. The Working Group have suggested that the more detailed information would be provided in a supporting spreadsheet annex rather than the statement itself.

	those credits are not currently being reduced, and are not currently projected to be reduced over the 2.5/5/7.5/10 years. This is particularly important when considering new build intermittent generation, as thermal generation will opt to be constrained at times of low demand (these also being the times of low or negative financial return for export) to retain the additional credit available at times of higher demand. For intermittent generation the economics of constraint are outweighed by the renewables subsidies available, so being able to identify and site new build at locations where the value of the credit is not uncertain in the 5-10 year horizon will avoid having a negative impact on the rate of new build.	
Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	Yes and we also felt that the provision of such information through our website would provide locational cost signals to prospective generation customers.	Noted
SP Distribution and SP Manweb	Yes, we agree that the best way to provide this information is to include it in the charging statements.	Noted

UK Power Networks	In our view the charging statement is the most appropriate place to provide this information in the same way that the charging statement is used to provide the nodal/zonal charges for EDCM as an annex.	Noted
Western Power	The charging statement is the only place to provide this.	Noted
Question 10	**How should the implementation of this change be conveyed to the affected end-users/customers?**	**Working Group Comments**
Summary	Total of the 17 responses, 6 DNOs, 3 Suppliers, 6 Generators, 1 IDNO and 1 independent. Most DNOs state the communication should be between the generator and their supplier as this is the contractual framework. One DNO said that DNOs should write to all affected customers. Suppliers generally feel that DNOs should contact the generators but one noted that, this is reliant on DNOS having good contact details for each generator. Another supplier suggests there will be stakeholder dissension about relinquishing credits when they have just relatively recently got used to receiving them. Of the 6 generators that responded, 1 said the change should not be implemented, 1 provided no comment and the remaining 4 suggested that DNOs should write to all HV generators and provide as much detail as possible, 1 suggest this should be followed up by workshops to explain the changes in more detail and give generators chance to ask questions. The independent response stated that DNOS should contact	The Working Group noted that given the contractual relationship for the generator is with the supplier, this should be the primary source of communication with respect to the applicable tariff. Suppliers have the contract with these customers and DNOs are not party to whether these are pass-through arrangements or not. However, as DNOs are responsible for the connection it would not seem unreasonable that they should also contact the generators. However it should be noted that this relationship may not exist at the moment so a process would need to be established to agree the best approach to be taken. Whilst DNOs have consulted on this proposal and mentioned it at various industry meetings such as the DCMF there is still a perception

	generators directly and publish information on their websites, and also contact trade associations such as Energy UK. The IDNO response stated that DNOs should contact generators and suppliers at the same time and utilise DCMF to notify relevant organisation. Additionally a "guide" document could be created and distributed to end users explaining the changes and how this affects them. However they recognise that this may be outside the vires of DCUSA	that not enough information is provided. DNOs will consider how this can be improved. The Working Group concluded that the primary responsibility would still be with the Supplier to reflect the reduction of credits where appropriate. This is in line with current DCUSA processes. The working group also stated that DNOs should continue to communicate directly with customers where appropriate.
Alkane	Should the proposed CP be approved then the DNOs need to engage all generators to ensure everyone understands the implications of this change. Initially DNOs need to outline the changes to all HV generators connected to their networks by means of letter. Those letters should also include an assessment of when the primary sub station they are connected to is likely to become GDA. After the letters have been issued DNOs should organise workshops and invite all HV connected generators to these workshops to explain the changes in more detail and give generators to opportunity to ask questions and discuss the implications of the changes on their generation projects. This communication should happen well in advance of the implementation of these proposals and at least one year before implementation.	Noted
CLP	We do not believe that this change should be implemented.	Noted
E.ON UK	As mentioned above, users must know how they are likely to be	Noted

	affected. This can either be in the form of providing the impact on specific MPANs or providing users with the information directly. The latter would rely on DNOs having good records of contacts for each generator.	
Electricity North West	The DNOs should write to all customers impacted by this change prior to the new tariffs coming into effect.	Noted
GDF Suez	DNOs should prepare a formal written briefing explaining the change and with a timetable for go-live, to be provided to all stakeholders and if necessary supported by web-based conferences.	Noted
Green Cat Renewables Ltd	No comment	Noted
GTC	Existing customers should be notified directly. Suppliers should be notified at the same time. We also recommend notification to the DCMF and to relevant customer organisations. Additionally a "guide" document could be created and distributed to end users explaining the changes and how this affects them. However we recognise that this may be outside the vires of DCUSA.	Noted
Infinis	The generators should be informed of their applicable tariff and also the proposed tariffs if the change should happen. This change has been little publicised and generators have had minimal opportunity to engage in the process.	Noted
Northern Powergrid	End-users/customers will have to be informed as they would need to be moved to a new Line Loss Factor Class (LLFC). The customers' contract is with the supplier so suppliers would	Noted

	need to be heavily involved in the communication process.	
Power Data Associates Ltd	Existing connections are known to distributors – contact directly. Potential connections are known where connection requests have been provided – contact directly. Publish information on Distributor's website Contact generation trade associations, such as Energy UK	Noted
Renewable Energy Association	They should be informed of the tariff applicable to them. We would also request that they be informed of the tariff that would be applicable to them if the change were to be introduced as soon as possible to maximise their input to any further consultation process.	Noted
Res	All HV connected or contracted generators should be informed in writing by letter. The standard form of this letter should also be made available on each DNO's website.	Noted
Smartest Energy	Having only relatively recently got used to receiving generation credits, there will be naturally be stakeholder dissension about relinquishing those credits as well as the wider regulatory risk that will be associated with the future value of those credits in areas of the network which aren't even expected to be generation dominated in 10 years. For the generators where the credits are being reduced, the letter should clearly explain why the credits are being reduced, and what circumstances in the future may lead to the credits being increased.	Noted

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	It should be communicated to suppliers, who should advise their customers. This is the most efficient process.	Noted
SP Distribution and SP Manweb	Existing customers who are moving tariffs should be notified by their supplier. New customers could be advised prior to connection	Noted
UK Power Networks	This communication would need to be through the Customers appointed Supplier as they manage a direct relationship with Customers connected at HV. In order for DNOs to communicate the implementation of this change we would have to establish appropriate customer contacts with each HV connected generator and this would duplicate the customer contacts that are already held by Suppliers.	Noted
Western Power	This will have to be via the suppliers, as the DNO does not have a direct relationship with the customer and suppliers may not pass these charges through.	Noted
Question 11	**The working group plans to apply the new tariffs to IDNOs if the IDNO is connected at HV and the primary substation is defined as generation dominated. Do you think this is appropriate and are**	**Working Group Comments**

	there any implications on IDNOs or other network users.	
The Working Group noted that of the 17 responses six were from DNOs, three from Suppliers, six from Generators, one from an IDNO and from an independent organisation. Most DNOS agreed that IDNOs should be treated the same. One DNO stated that this creates an area of uncertainty for IDNOs as the primaries their sites connect to could switch between different tariff bands severely affecting their margins, therefore they feel this proposal is anti-competitive. Two Suppliers agreed with one providing no comment Three Generators agreed and three provided no comment The Independent respondent agreed The IDNO respondent stated: "Whilst we support the intent of this CP, an area of concern to us is the treatment of generation on IDNO networks. We think this should be the subject of further work outside and separate to this CP" The Working Group noted that the majority of respondents agreed that the same methodology should also be applied to IDNOs. However some concerns were raised by one DNO and one IDNO which may be out of scope of this change, but could be picked up in a separate CP.		
Alkane	These changes should only be applied to IDNOs if the IDNOs network as a whole places generation demand on the primary substation.	Noted
CLP	If appropriate the charges should only apply if and when the primary substation is actually generation dominated (not based upon forecasts) or in the event that a new IDNO chooses to connect to a primary substation which then becomes generation dominated.	Noted
E.ON UK	This would seem appropriate so as to avoid discriminatory	Noted

	treatment.	
Electricity North West	We agree that the same tariffs should apply to generators on an IDNO network to ensure there is no discrimination.	Noted
GDF Suez	Yes, we agree with this approach.	Noted
Green Cat Renewables Ltd	No comment	Noted
GTC	Whilst we support the intent of this CP, an area of concern to us is the treatment of generation on IDNO networks. We think this should be the subject of further work outside and separate to this CP.	Noted
Infinis	We have no opinion on this matter.	Noted
Northern Powergrid	Yes - IDNOs should face cost-reflective charges the same as everybody else**.**	Noted
Power Data Associates Ltd	The impact would 'ripple through' IDNO charges.	Noted
Renewable Energy Association	We have no comment to make on this.	Noted
Res	RES agrees that this is appropriate.	Noted
Smartest Energy	No comment.	Noted
Southern Electric Power	Yes, but should be further reviewed with the relevant parties.	Noted

Distribution plc and Scottish Hydro Electric Power Distribution plc		
SP Distribution and SP Manweb	Yes it is appropriate to apply the new tariffs to IDNOs.	Noted
UK Power Networks	We feel that would be appropriate for IDNOs to apply the reduced credit to its embedded HV generators if their network is connected to a generation dominated area. Consequently the charges applied by the DNO to the IDNO would reflect a reduced end user credit.	Noted
Western Power	IDNOs are obliged to mirror the charges of DNOs, therefore they must be charged accordingly. This creates an area of uncertainty for IDNOs as the primaries their sites connect to could switch between different tariff bands severely affecting their margins, therefore we feel this proposal is anti-competitive.	Noted
Question 12	**Do you have any other specific comments on the proposed option?**	**Working Group Comments**
Alkane	Alkane Energy PLC have no further comments to make.	Noted
CLP	We do not agree with the proposals. Charges and credits for existing generators should be based upon actual information and not long term forecasts of the generation demand balance.	The working group believes that the application of the DUoS credit has to be based on interpretation of forecast data. The same

	Where a DNO is forecasting primary substations to become generation dominated, this should be reflected in the connection charges and on-going GDUoS charging proposals for new generation. If such location signals are ignored and the primary substation does actually become generation dominated, the GDUoS credits for all connected generators could be amended based upon the generation demand balance and any ongoing costs. However, a generator dominated substation allows future demand growth without re-enforcement expenditure and is therefore efficient Notwithstanding the fact that we believe the current proposals to be unacceptable, in any future proposal that may be considered, the information made available to prospective new generators would need to be more extensive and reliable than it is today. Options for connections need to be transparent including connections costs and GDUoS credits across more than one connection point or primary sub-station, where applicable with forecast of credits projected lifespan. Also, the basis of the forecasts of additional generation needs to be made available as this may well impact the credits for generators whether in fact such new generation is actually committed to. Given the 10 year horizon we believe this makes such forecasts inherently unreliable. The review period for assessment needs to be annually to ensure that any changes that reverse the assessment of impending generation dominance is quickly taken account of in support of efficiency of operation of networks and signals to new projects.	data is used to plan the network reinforcements in a timely manner. It was noted that it is not the CPs intention to remove any credits where demand is driving reinforcement but to reduce credits were generation is driving reinforcement. The working group agrees that information will need to be provided in relation to which primaries are generation dominated, however it is not the intent of the CP to encourage generators to move location but to receive appropriate credits based on that location. An annual review will occur to ensure any changes to the forecast can be implemented quickly, in the same way as other charge setting information.
E.ON UK	No thank you.	Noted

Electricity North West	No.	Noted
GDF Suez	No.	Noted
Green Cat Renewables Ltd	This seems to add unnecessary complication for very little benefit, I would rather see efforts put into more progressive developments.	Noted
GTC	At the DCMF, concern was expressed that the consultation on the charges was not publicised to non-DCUSA parties. We think that this is essential and that as a consequence the consultation period should be extended, and submitted to a wider audience (e.g. DCMF circulation list).	Following the concern expressed at the DCMF the working group extended the audience for the consultation and the response period.
Infinis	As one of the UK's largest embedded generators it is disappointing that the implication of these changes have not been more widely publicised. It would be sensible to delay implementation until a broader industry view can be sought.	Noted – implementation delay suggested to allow further /extended industry consultation. The group noted that prior to the DCP being raised, the initial working group included generation representatives. The proposal was developed by DNOs to meet a CDCM condition placed on them by Ofgem. As the proposal has been developed it has been the subject of stakeholder consultation and independent economical analysis.
Northern Powergrid	Only that that at a national level the number of generation dominated areas is less than 5%. Given that this is a relatively low percentage the implementation of this proposal would appear to be an undue complication of the current CDCM model and should	Noted. Complexity issue raised given the relatively

	only be considered when the level of generation dominated areas significantly increases. The conclusions from the original Frontier report were that there is a strong case against introducing a complex locational charging regime as things stand today, but there may be a case for considering changes to the charging regime for HV connected generators. Which is why this analysis work was carried out, however there needs to be a balance between increased cost-reflectivity and costs incurred. Given that the level of HV generators deemed to be generation dominant is still relatively small, the overall benefit of introducing this change should be balanced against the additional complexity of managing the changes for such a small sub-set of customers and any benefit of increased cost-reflectivity against the additional administrative cost and complexity this will introduce. Charges under the CDCM are generally based on the premise that the networks are demand dominated, and all charges are average charges. This change will introduce more complex processes to treat a small sub-set of customers on a site-specific basis. Our view is that this change could be monitored on an annual basis and a penetration threshold set when the overall network is deemed to be moving more towards generation domination.	few generation dominated areas at present.
Power Data Associates Ltd	What happens when the predicted domination over the next five years does not happen, may happen in year 6, 8 or beyond or never – do the impacted generators get a rebated DUoS charges? How have the 33 & 67% reductions been determined? Sounds arbitrary. Could it be 'scaled' based on what has actually happened at that primary substation in the previous year.	The Working Group noted that appropriate credits would be paid based on the forecast at that time. No rebates will be given should forecasts change. All DUoS charges are based on forward looking forecasts.

	What happens if the domination happens very quickly – some small substations may be significantly affected by a single connection of a generation customer? What mitigating action may be expected of a Distributor to change the customer base connected to a signal primary substation – moving the 'open point' on HV feeder(s). This should be a prerequisite.	The Working Group noted that one of the objectives of the working group was to introduce a straight forward approach, hence the reduction of credits in 33% steps. It is not the intent of the CP to change the way the DNO operates its network but to pay appropriate credits to connecting generators. However, DNOs should continue to operate their networks in an efficient manner in accordance with their licence.
Renewable Energy Association	No For the avoidance of doubt the comments relating to how best to publicise the proposed tariffs are without prejudice to our opposition to the change.	Noted.
RES	RES would again urge the Working Group to consider the need for direct Generator participation in its deliberations.	The Working Group noted the request for direct generator participation. The group noted that prior to the DCP being raised, the initial working group included generation representatives. The proposal was developed by DNOs to meet a CDCM condition placed on them by Ofgem. As the proposal has been developed it has been the subject of stakeholder consultation and independent economical analysis.
Smartest Energy	No	Noted

Southern Electric Power Distribution plc and Scottish Hydro Electric Power Distribution plc	No.	Noted
SP Distribution and SP Manweb	None.	Noted
UK Power Networks	No, we are happy that this is the most appropriate way forward at the current time.	Noted

Western Power	We are not currently considering demand-dominated primary based charges in a similar way, these are based on DNO area-wide modelling, and we do not feel there is sufficient justification to treat generation customers in a different way to demand customers. We feel this proposal, if implemented, would cause confusion amongst customers and create situations where neighbouring sites are receiving different credit levels, which we believe will damage customer confidence in the electricity industry as this proposal is too complex for most customers to understand. In addition end customers may find their tariff band fluctuating year on year if the primary they connect to is boarder line between to tariff bands, causing them problems with their business forecasts and trying to establish whether there is a valid business case for connecting the generation. This level of complication may put people off of connecting generation in areas where the primary is demand dominated and we would want to encourage generation to connect, which is by far the majority of primaries in all DNO areas.	It was noted that generators receive credits, not charges, and that the intent of the CP is to pay cost reflective credits (i.e. lower credits to those generators who could trigger reinforcement). The Working Group agrees that sufficient information will need to be provided to ensure customers /supplies understand what tariff applies. The majority of the group noted that they do not believe that the reduction/removal of credits or the complexity of this proposal and associated information will deter generators from connecting in beneficial locations. Credits to generators are funded by demand customers', therefore, it would be inappropriate to continue paying these credits where generators are driving the need to reinforce the network.

Appendix A – Letter From Ecotricity

The Working Group noted Ecotricity's support for DCP 137.

The Renewable Energy Company Ltd (Ecotricity)
Response to DCP 137 on the Introduction of Locational Tariffs for the Export from HV Generators in Areas Identified as Generator Dominated

Dear Rosalind Timperly,

Ecotricity is an independent renewable energy supplier and generator. We have over 65,000 domestic and non-domestic customer accounts; 53 windmills and the country's first solar park.

We would like to express our support for DCP 137; the introduction of locational tariffs for the export from HV generators in generator dominated areas. We believe that introducing arrangements that would reduce or remove credit to high voltage generators in generator dominated areas is a sensible proposal and preferable to other options considered.

Ecotricity welcomes the opportunity to respond and hope you take our comments on board.