

DCUSA CHANGE DECLARATION**DCP 030 – Provision of cost information****VOTING DATE:** 03 November 2008

DCP 030/A	WEIGHTED VOTING		
	DNO	IDNO	SUPPLIER
CHANGE SOLUTION – DCP 030	REJECT	ACCEPT	ACCEPT
CHANGE SOLUTION – DCP 030A	REJECT	REJECT	REJECT
IMPLEMENTATION DATE	ACCEPT	ACCEPT	ACCEPT
RECOMMENDATION	<p>Change Solution DCP 030 – REJECT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p>Change Solution DCP 030A – REJECT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the change solution was less than 50% in all Categories.</p> <p>Implementation Date – ACCEPT In respect of each Party Category that was eligible to vote, the sum of the Weighted Votes of the Groups in that Party Category which voted to accept the implementation date was greater than 50% in all Categories.</p>		
PART ONE / PART TWO	Part One – Authority Determination Required		

PARTY	DCP030 (A / R)	DCP 030A (A/R)	IMPLEMENTATION DATE (A/R)	COMMENTS
DNO PARTIES				
Central Networks East	REJECT	REJECT	REJECT	We do not believe that there would be any value whatsoever in forecasts for future price control periods; when the form of the price control itself could well be different from the current, and key strategic decisions are yet to be made by Ofgem on key matters such as efficient costs, levels of investment, cost of capital, depreciation periods, etc. Such decisions have huge potential impacts on the overall level and profile of allowed revenues that would render any forecast virtually worthless and potentially extremely misleading. Also, even if DNOs were able to forecast the outcome of future price control reviews, it would unfairly unbalance and prejudice the process if their view of the likely outcome was required to be revealed ahead of the negotiations.
Central Networks West	REJECT	REJECT	REJECT	DITTO
EDF Energy Networks (EPN) plc EDF Energy Networks (LPN) plc EDF Energy Networks (SPN)	ABSTAIN	ABSTAIN	ACCEPT	We have chosen to abstain for the following reasons: We are not convinced that this

plc				<p>change meets the DCUSA objectives.</p> <p>We accept that the provision of additional information to suppliers has benefits for the industry and consumers as a whole.</p> <p>However, we would like to see a single approach to the provision of the relevant information.</p> <p>At present the License requires us to publish forecast over/under recovery information three times a year (April, July & October).</p> <p>This change would add another obligation to provide information four times a year (April, July, October & January).</p> <p>In addition Ofgem's decision document on delivering the structure of charges project indicates that Ofgem will "as a minimum ... require DNOs to publish annually long term tariff scenarios to help customers understand the range of future charges" which will lead to a requirement to provide additional supporting data.</p> <p>We consider that each of these obligations is driven by a common desire for fundamentally the same information.</p>
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				<p>We are, therefore, abstaining from the vote on the solution as, while we support the concept of providing information, we do not support the disjointed approach that has been taken to seeking which specific data should be provided when. Such disjoint may result in us becoming obligated, through various means, to providing various pieces of similar data at various times of year, all of which are intended to give the same information. That causes us inefficiency which we would rather avoid.</p>
Electricity North West Limited	REJECT	REJECT	REJECT	<p>Change Proposal As part of our consultation response we assessed this change proposal against the DCUSA objectives. We have reviewed the responses and that of the alternate proposal put forward.</p> <p>We are still of the opinion that the DCUSA objectives will not be better facilitated by this Change Proposal. At best it will have a neutral impact on competition, a negative impact on meeting our licence obligations and that of the efficiency and implementation of this agreement.</p> <p>When you consider the Change</p>

				<p>Report there are mixed views between the Working Group members on whether the DCUSA Objectives will be better facilitated. Our experience on the annual forecast data we provide is that we very rarely receive any questions or comments, let alone any challenge to our assumptions.</p> <p>We would prefer to see the recent implementation of such an initiative in the Gas market to be bedded in, inclusive of any common set of assumptions that may be developed, so that we can assess whether this is of value and will better facilitate the DCUSA Objectives rather than the decision being based purely on opinion.</p> <p>Implementation We reject the implementation date of April 2009 believing that, if it were to take place, it would be more sensible to introduce in April 2010. This will provide data over a full price review period. Providing data under DCP030 will provide a one year set of data that is probably robust with four years based on a series of assumptions that may prove meaningless or at worse, misleading. DCP030A will provide</p>
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				only one year data.
Northern Electric Distribution Ltd	REJECT	ACCEPT	ACCEPT	
SP Distribution	REJECT	ACCEPT	ACCEPT	
SP Manweb	REJECT	ACCEPT	ACCEPT	
Southern Electric Power Distribution plc	REJECT	REJECT	REJECT	
Scottish Hydro Electric Power Distribution plc	REJECT	REJECT	REJECT	
Yorkshire Electricity Distribution plc	REJECT	ACCEPT	ACCEPT	
IDNO PARTIES				
Independent Power Networks	ACCEPT	REJECT	ACCEPT	IPNL supports DCP 030. This is as an iDNO we mirror the host DNOs charges, therefore by publishing forecast charging data, iDNO's will have a better understanding of the potential forthcoming impacts on their businesses. As we mirror the charges of the host DNO and due to the competitive nature of the iDNO market, we believe that iDNOs should not be required to provide this information in the future.
The Electricity Network	ABSTAIN	ABSTAIN	ABSTAIN	We abstain because we believe it is inappropriate that an IDNO vote

<p>Company</p>				<p>would act as a “casting vote” or a “blocking vote” on an area that predominantly impacts suppliers and DNOs. However, the proposal does raise some concerns and we make the following comments in respect of the proposals.</p> <p>We understand the importance of suppliers having available any relevant information that will assist them in forecasting future prices. However, we are concerned that the DCUSA should be the mechanism for providing information to suppliers.</p> <p>If such information is to be provided, then DNOs should publish such information in the same way that they publish charging statements, under/over recovery statements, etc. We do not agree that the secretariat of DCUSA should have the obligation to publish such information, nor should they be in a position where they have to chase parties for such information.</p> <p>DNOs are not in a position to forecast beyond the end of each price control period. In year 5 of a price control review the DNO will not be able to provide a forecast for any of the succeeding 5 years. Therefore, we are not certain as to</p>
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				<p>whether this assists suppliers in their quest for information.</p> <p>Both drafts rely heavily on the drafting (definitions) of special conditions of the distribution licence. Such conditions are liable to change every five years. Any obligations to publish such information should be contained in the special conditions or alternatively in licence condition in chapter 4 of the distribution.</p> <p>We believe the debate on the provision of such information is better facilitated as part of the price control or as part of the Structure of Charges project. Also, the review of industry governance arrangements could, at least in part be covered by this.</p> <p>If successful this change would set a precedent. Future changes could propose that the DCUSA publish and maintain information unique to each distributor; for instance, charging methodology statements, use of system charging statements, connection charging statements, long-term development statements etc.</p> <p>We believe this would change the nature of DCUSA. If this is required then it should be done as an output</p>
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				from the governance review and not by stealth.
SUPPLIER PARTIES				
British Gas	ACCEPT	REJECT	ACCEPT	<p>We believe that DCP 030 CP better facilitates objective 3.1.2:</p> <p>“The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent therewith) the promotion of such competition in the sale, distribution and purchase of electricity;” and therefore better facilitates competition, as it will:</p> <ul style="list-style-type: none"> - result in the regular and transparent provision of relevant information on revenues and charges to those that are directly affected by these significant costs. This will ensure that all suppliers are operating in a level playing field when forecasting distribution price changes and as a result minimising pricing distortion. - enable suppliers to improve the accuracy of their forecasts and assessments. It is also likely to reduce analytical costs, which would tend to discriminate against new entrants and small suppliers.

				We do not support DCP 030A as we do not believe the proposal will better facilitate objective 3.1.2 to such an extent as proposal DCP 30. DCP 30A provides only limited information and does not represent a significant improvement on current arrangements. DCP 30 has been drafted using gas modification UNC 186 as a basis. We believe the implementation of UNC 186 has worked well and has significantly improved the ability of suppliers to forecast their transportation charges.
E.ON UK	ACCEPT	REJECT	ACCEPT	
EDF Energy Customers	ACCEPT	REJECT	ACCEPT	This CP will facilitate objective 3.1.2 as the provision of this additional information will facilitate improved cost forecasting accuracy.
RWE Npower Group	ACCEPT	REJECT	ACCEPT	
ScottishPower Energy Retail	ACCEPT	REJECT	ACCEPT	While we recognise DCP 030A's proposal to only provide the cost information until the next price control allows for the most accurate data to be published, we do not agree with the limited publication of data. As such DCP 030 is ScottishPower Energy Retail's preferred change proposal.

SSE Energy Supply Limited	ACCEPT	REJECT	ACCEPT	
ADDITIONAL COMMENTS				
<p>The Electricity Network Company chose to abstain from the vote but submitted the following comments:</p> <p>We abstain because we believe it is inappropriate that an IDNO vote would act as a “casting vote” or a “blocking vote” on an area that predominantly impacts suppliers and DNOs. However, the proposal does raise some concerns and we make the following comments in respect of the proposals.</p> <p>We understand the importance of suppliers having available any relevant information that will assist them in forecasting future prices. However, we are concerned that the DCUSA should be the mechanism for providing information to suppliers.</p> <p>If such information is to be provided, then DNOs should publish such information in the same way that they publish charging statements, under/over recovery statements, etc. We do not agree that the secretariat of DCUSA should have the obligation to publish such information, nor should they be in a position where they have to chase parties for such information.</p> <p>DNOs are not in a position to forecast beyond the end of each price control period. In year 5 of a price control review the DNO will not be able to provide a forecast for any of the succeeding 5 years. Therefore, we are not certain as to whether this assists suppliers in their quest for information.</p> <p>Both drafts rely heavily on the drafting (definitions) of special conditions of the distribution licence. Such conditions are liable to change every five years. Any obligations to publish such information should be contained in the special conditions or alternatively in licence condition in chapter 4 of the distribution.</p> <p>We believe the debate on the provision of such information is better facilitated as part of the price control or as part of the Structure of Charges project. Also, the review of industry governance arrangements could, at least in part be covered by this.</p> <p>If successful this change would set a precedent. Future changes could propose that the DCUSA publish and maintain information unique to each distributor; for instance, charging methodology statements, use of system charging statements, connection charging statements, long-term development statements etc.</p> <p>We believe this would change the nature of DCUSA. If this is required then it should be done as an output from the governance review and not by stealth.</p>				