

## **DCP 086 Legal Drafting**

### **35B. PRODUCTION OF THE ANNUAL REVIEW PACK**

- 35B.1 This Clause 35A shall only apply where the Company is a Distribution Network Operator (DNO).
- 35B.2 The Annual Review Pack (ARP), detailed in Schedule 18, is published by the DNO with the indicative Use of System charges that are published in the December of each year and the submission should be refreshed if there are any changes to the tariffs in the formal contractual notice of use of system charges in the following February.

### **SCHEDULE 18 – PRODUCTION OF THE ANNUAL REVIEW PACK**

#### **1. INTRODUCTION**

- 1.1 The ARP is a spreadsheet document that DNOs publish with December indicative and February final Use of System charges. The pack contains detail of historical and forecast Common Distribution Charging Methodology (CDCM) inputs and a forecast of illustrative Use of System tariffs for the next five years.
- 1.2 The tariff values provided as part of the ARP, are rendered through an embedded version of the CDCM. As such, changes made to the CDCM and/or changes affecting the CDCM's functionality indirectly through changes to the wording in Schedule 16 should be followed by subsequent updates. These are required to maintain parity in calculated tariff values as they are presented by any current version of the CDCM and ARP.

#### **2. GENERAL OBLIGATIONS**

- 2.1 In setting Use of System charges the input data for the CDCM model is reviewed on an annual basis. This review typically takes place between July and December and the CDCM model will be updated and the associated tariffs issued on, or before, the 31 December in line with the three month notice required under SLC 14.11.
- 2.2 The annual review pack issued by DNOs will contain the following:
- Historical CDCM input information, for a minimum period of three years, and a five year forecast of the CDCM inputs. This will be in a spreadsheet format and contain the CDCM input sheets in a format that can be directly copied into the CDCM model;
  - Illustrative CDCM tariffs and typical bills for each tariff in each year over the five year period covered by the ARP;
  - The ARP provides users with the ability to update the forecast CDCM inputs and view the resultant impact on customers' tariffs and typical bills;

- A separate Retail Prices Index (RPI) forecast which is linked to any of the CDCM inputs which the DNO believes relate to RPI. This is to enable users of the annual review pack to update the RPI forecast and for it to automatically update the appropriate CDCM input;
- A commentary on the forecast for each CDCM input via individual comments; and
- Details of the expected time bands that will be used in each of the five years contained within the forecast period of the annual review.

2.3 The forecast CDCM input data will be provided by DNOs based on their own perception of how the CDCM input data may change over the five year period. The format of the ARP will be common, but the actual forecast will be DNO specific to allow DNOs flexibility to express their views and provide a realistic forecast.

2.4 For the subsequent outputs of the ARP a number of assumptions must be made, and the information provided must only be considered to be illustrative in nature and an indication of an expectation at a point in time. The outturn prices/charges may vary significantly if there are any material changes in the data and assumptions underlying the forecasts. Although reasonable endeavours should be made to ensure the accuracy of the information provided in the ARP, none of the DNOs will be liable for the accuracy of the information contained therein, and in particular none of a DNO's directors, managers or similar officers, shall be under any liability for any misstatement or opinion on which the recipient of this information relies or seeks to rely.