



DCUSA Consultation

DCP 134 - Implementation of notice in DCUSA
for changes to distribution time-bands

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a consultation issued to all DCUSA Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 134 'Implementation of notice in DCUSA for changes to distribution time-bands'.
- 1.3 Parties are invited to consider the proposed legal drafting set out in section 5 of this document and submit comments using the response form provided as Attachment A to DCUSA@electralink.co.uk by Friday 13 July 2012.

2 DCP 134 - IMPLEMENTATION OF NOTICE IN DCUSA FOR CHANGES TO DISTRIBUTION TIME-BANDS

- 2.1 DCP 134 has been raised by Npower, following on from the work of the Distribution Charging Methodologies Forum (DCMF) Methodologies Issue Group (MIG) Annual Review Supergroup.
- 2.2 The Change Proposal (CP) seeks to implement a minimum notice period of 15 months for any change to Common Distribution Charging Methodology (CDCM) distribution time-bands. The CP also seeks to limit changes to the time-bands such that they may only take effect from 1 April. However, where a change to the time-bands is required by another DCUSA Change, these limitations would not apply.
- 2.3 The purpose of this change is to reduce the risk of price shocks caused by sudden time-band changes and give customers confidence that the time-bands will not change within a given period of time.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel has established a DCP 134 Working Group which consists of

Supplier, DNO and Ofgem representatives.

- 3.2 The Working Group has considered the Change Proposal and notes that informally DNOs have previously agreed to provide a minimum of 15 months notice of any change to the time-bands. DCP 134 seeks to formalise this agreement in the DCUSA.
- 3.3 The Working Group is in agreement that introducing a 15 month notice period would help to improve the predictability of CDCM tariffs and reduce the risk of price shocks from sudden time-band changes.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group has reviewed the CP against the DCUSA Objectives and is in agreement with the proposer of the CP that DCP 134 better facilitates DCUSA General Objective 2¹ and DCUSA Charging Objective 2² by improving the predictability of DUoS Tariffs.
- 4.2 The Working Group also agrees that the proposal better facilitates DCUSA General Objective 3³ and DCUSA Charging Objective 1⁴ as the proposal was raised at the annual review meeting of the CDCM, therefore, the CP satisfies the licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.

5 LEGAL DRAFTING

- 5.1 It is proposed that a new paragraph 42 be added to Schedule 16 of DCUSA to accommodate this proposal. The suggested legal drafting for this new Paragraph 42 is shown below in redlined text:

¹ 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.

² That compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences).

³ The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences.

⁴ That compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence.

"Distribution time bands"

40. *The DNO Party determines three distribution time bands, labelled red, amber and green.*

41. *Distribution time bands are defined separately for Monday-Friday and for Saturday/Sunday. In each case, time bands are defined by reference to UK clock time only, and always begin and end on the hour or half hour. Each time band may be divided into any number of sections.*

42. *The DNO Party may only change distribution time-bands on 1 April and must provide a minimum of 15 months notice of any changes to the distribution time bands. However, where a change to distribution time bands is caused by the implementation of a change to this methodology, the requirement to provide a minimum of 15 months notice will not apply.*

6 IMPLEMENTATION

6.1 The proposed implementation date for DCP 134 is 1 December 2012.

7 CONSULTATION

7.1 The Working Group is seeking views on the below questions:

- Do you understand the intent of the CP?
- Are you supportive of the principles of the CP?
- Do you agree with the minimum notice period being set at 15 months? If not, should it be longer or shorter?
- Do you consider that the proposal better facilitates the DCUSA objectives? Please give supporting reasons.
- Are there any alternative solutions or matters that should be considered by the Working Group?

- 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.
- Are you supportive of the proposed implementation date of 1 December 2012?
- Do you have any comments on the proposed legal text?

7.2 Responses should be submitted using Attachment A to DCUSA@electralink.co.uk no later than **Friday 13 July 2012**.

7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

8.1 Following the end of the consultation period the responses will be reviewed by the Working Group. The Working Group will finalise the drafting of the CP and submit its final report to the Panel. Following Panel approval, the Change Proposal will be issued to all DCUSA Parties for voting and, following the vote, issued to Ofgem for final determination.

8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 2842.

9 APPENDICES

Attachment A – Response form

Attachment B – DCP 134 Change Proposal