

## DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

- PART A – Mandatory for all Change Proposals
- PART B – Mandatory for Non Charging Methodologies Proposals
- PART C – Mandatory for Charging Methodologies Proposals
- PART D – Guidance Notes

### PART A - MANDATORY FOR ALL CHANGE PROPOSALS

CP Status	Standard
CP Number	DCP 129
Date of submission	
Attachments	
<b>Originator Details</b>	
Company Name	GTC (For and behalf of the Electricity Network Company Limited)
Originator Name	Michael Harding
Category	DC / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	mike.harding@gtc-uk.co.uk
Phone Number	07920 238095
<b>Change Proposal Details</b>	
CP Title	Bringing the CDCM Price Control Disaggregation (Method M) under the DCUSA Open Governance Framework
Impacted parties	IDNOs and DNOs
Impacted Clause(s)	We believe it is Schedule 16 and Schedule 20.
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	

This change proposal is raised for and on behalf of the DCMF Methodologies Issues Group (MIG). Discount factors used to determine tariffs to LDNOs where their networks connect to DNOs at CDCM network tiers are calculated using the Price Control Disaggregation Model Excel workbook (also colloquially described as Method M). The intent of this change proposal is, for each LDNO with a distribution services area, to bring the Method M Excel work book under the governance framework of DCUSA.

#### **Business Justification and Market Benefits**

By bringing the Method M Excel workbook under DCUSA governance improves the transparency of governance arrangements and improves the efficiency of managing changes to the model.

Paragraphs 96 to 125 of Schedule 16 of the Common Distribution Charging Methodology (CDCM) set

out the principles to be followed in calculating the discount factors to be used in determining portfolio tariffs for LDNOs.

These discount factors are calculated by disaggregating price control revenues to different network tiers. This is done using an Excel work book which is colloquially referred to as "Method M" The discount factors from this model are fed as inputs to the CDCM model version "100". However, whereas CDCM model version "100" falls under DCUSA governance, Method M does not.

We think paragraphs 96 to 125 of Schedule 16 of DCUSA are insufficient in themselves to effectively describe the charging methodology for determining portfolio tariffs. Bringing the Method M model under DCUSA governance arrangements is consistent with the approach taken for tariffs to consumers where both the methodology and the CDCM model version 100 are under DCUSA governance.

Including Method Workbook Excel in DCUSA will improve the transparency of the methodology and its application. In implementing change proposals DCP096 we understand that the updating of Method M by one party was incorrect with the result that the calculated discount factors were incorrect. The consequence of this is that their indicative charges calculated and published to take effect from April 2012 are not consistent with the approved methodology. We think that by incorporating Method M into DCUSA and thereby developing common templates the risk of such errors occurring is reduced.

#### Proposed Solution and Draft Legal Text

To bring this into effect it is proposed that, as a minimum, paragraph 3 of Schedule 16 be amended as follows:

*"In order to comply with this methodology statement when setting distribution Use of System Charges the DNO Party will populate and publish:*

- *the CDCM model version "100" as issued by the Panel on 01 April 2010 ; and*
- *the Price Control Disaggregation Model version [●●●] as issued by the Panel on 01 April 2010*".

Additionally, consideration should be given to whether changes are required to Schedule 20, Production of the Annual Review Pack, to require the Annual Review Pack to include input information for Method M.

#### Proposed Implementation Date

First DCUSA release following Authority consent

#### Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC	<input type="checkbox"/>
CUSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
MRA	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input checked="" type="checkbox"/>

If other please specify

<b>Environmental Impact</b>
None Identified
<b>Confidentiality</b>
None

**PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS**

<b>DCUSA Objectives</b>
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes.</p> <p><input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input checked="" type="checkbox"/> 2 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</p> <p><input checked="" type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input checked="" type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p>
<b>Rationale for better facilitation of the DCUSA Objectives identified above</b>

## PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

### DCUSA CDCM Objectives

Please tick the relevant boxes.

#### CDCM Objectives:

- 1 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
- 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 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business
- 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business

#### General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- 2 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
- 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement

### Rationale for better facilitation of the DCUSA Objectives identified above

#### CDCM Objectives:

The Method M model is a constituent part of the CDCM methodology. Bringing the Method M model under DCUSA governance means that governance arrangements for method M are consistent with the governance arrangements in place for the rest of the CDCM.

Bringing Method M under DCUSA governance improves transparency of the methodology and the efficiency of managing change proposals

#### General Objectives:

see above

**Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation**

--

**PART D – GUIDANCE NOTES FOR COMPLETING THE FORM**

<b>Data Field</b>	<b>Guidance</b>
<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
<b>Change Proposal Intent</b>	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
<b>Confidentiality</b>	Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem
<b>CP Status</b>	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
<b>DCUSA General Objectives</b>	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
<b>DCUSA CDCM Objectives</b>	Indicate which of the DCUSA CDCM Objectives will be better facilitated by the Change Proposal. Please note that a CDCM change may also facilitate the DCUSA General objectives.
<b>Draft Legal Text</b>	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
<b>Environmental Impact</b>	Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see <a href="#">Ofgem Guidance</a> .
<b>Part 1 / Part 2 Matter</b>	A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.
<b>Proposed Implementation Date</b>	The Change can be implemented in February, June, and November of each year.
<b>Proposed Solution</b>	Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.
<b>Rationale for DCUSA Objectives</b>	Provide supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.

