

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 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

Document Control	
CP Status	Standard / Urgent
CP Number	[Assigned by the Panel Secretary]
Date of submission	
Attachments	[See Guidance Note 1]
Originator Details	
Company Name	Chris Ong
Originator Name	Eastern Power Networks
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	chris.ong@ukpowernetworks.co.uk
Phone Number	07875 110134
Change Proposal Details	
CP Title	Rate of Return
Impacted parties	DNOs, IDNOs and Suppliers
Impacted Clause(s)	Schedule 16, Clause 57 Table 3, Schedule 17 Page 567 (i), Schedule 17 Page 662 (i), Schedule 17 Page 673 (i), Schedule 18 Page 683 and Schedule 18 page 793
Part 1 / Part 2 Matter	Part 1
Provide your rationale why you consider this change is a Part 1 or Part 2 Matter	The changes are part of schedule 16 - 18 and are treated as a part 1 matter.
Related Change Proposals	n/a
Change Proposal Intent	
To revise the legal text within DCUSA for the 'Annuity Rate of Return' in Schedule 16 and 'Discount Rate' in Schedule 17 & 18 to reflect the current value used, which is 5.6%.	
Business Justification and Market Benefits	
It has been identified that the words currently contained within DCUSA for the 'Annuity Rate of Return' which aligned to the DCPR5 Distribution Licence are no longer applicable under the ED1 Distribution Licence. As a result DCUSA will not align with the Distribution Licence with the commencement of the ED1 arrangements from 1 April 2015.	
Due to the short timescales involved it is proposed that the value currently used within the CDCM since April 2011 remains and is clearly stated within the methodology (see the proposed changes to the legal text below). This change should assist with mitigating the risk of an increase in volatility of Use of System charges, until such time as the full impact of a change to this input has been consulted	

upon and is understood.

Further work is already underway outside of the DCUSA arrangements which is likely to see a further change proposal raised, which would allow for all options for this element of the methodology to be considered and fully consulted upon.

Due to the restricted nature and intent of this change proposal it is the view of the proposer that this change does not require a working group to be established and can be quickly progressed to a vote, in order so that it can be utilised for charge setting.

This change has been submitted as an Urgent change proposal as it is required to be implemented before ED1 in order to remain compliant with the Statutory Instruments as specified in clause 10.7.3 of DCUSA.

Proposed Solution and Draft Legal Text

At the current time the following wording is included within DCUSA for the 'Annuity Rate of Return' or 'Discount Rate';

In Schedule 16;

'6.9% until the 31 March 2011, and thereafter the "allowed pre- tax weighted average cost of capital" set by the Authority as part of the then most recent review of the charge restriction conditions applying under the DNO Party's Distribution Licence.'

It is proposed that this would be revised to instead just state '5.6%'.

A similar change is also required to Schedule 17 Page 567 (i), Schedule 17 Page 662 (i), Schedule 17 Page 673 (i), Schedule 18 Page 683 and Schedule 18 page 793 where the relevant change will be to 'Discount Rate'.

Proposed Implementation Date

1 April 2015.

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"/>
SEC	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input checked="" type="checkbox"/>

If other please specify

Consideration of Wider Industry Impacts

N/A
Environmental Impact
None
Confidentiality
N/A

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes. [See Guidance Note 9]</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 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 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 type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.</p>
Detailed rationale for better facilitation of the DCUSA Objectives identified above
[See Guidance Note 10]

PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Charging Objectives

Please tick the relevant boxes. [See Guidance Note 11]

Charging 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
- 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

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
- 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.

Detailed rationale for better facilitation of the DCUSA Objectives identified above

Charging Objective 2 and General Objective 1 are both better facilitated as a result of this change proposal by utilising an existing modelling input, whilst an enduring solution is considered which will minimise the volatility seen in DUoS charges.

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

This matter has been discussed within the DCMF MIG from which this change proposal has originated from.

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. www.dcusa.co.uk

Ref	Data Field	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Part 1 / Part 2 Matter	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.
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	Proposed Solution and Draft Legal Text	<p>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. The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	Proposed Implementation Date	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes in to consideration the deadlines for publishing indicative tariffs.</p> <ul style="list-style-type: none"> • Submission of Company indicative tariffs is 31 December of each year. • Final tariffs are published on 1 April of each year. <p>Please select an implementation date that provides sufficient time for the change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected within the December indicative tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p>
6	Consideration of Wider Industry Impacts	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change

		Proposal may outweigh the potential impact and indicate the likely duration of the Change.
7	Environmental Impact	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 Ofgem Guidance .
8	Confidentiality	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.
9	DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	Detailed Rationale for DCUSA Objectives	Provide detailed 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.
11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.