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
CP Number	DCP 227
Date of submission	13/01/2015
Attachments	
Originator Details	
Company Name	George Moran
Originator Name	British Gas
Category	SUPPLIER
Email Address	George.moran@britishgas.co.uk
Phone Number	07557 611983
Change Proposal Details	
CP Title	Removing the inconsistency in the application of Peaking Probabilities in the CDCM
Impacted parties	DNOs, DG, IDNOs and Suppliers
Impacted Clause(s)	Schedule 16
Part 1 / Part 2 Matter	Part 1
Provide your rationale why you consider this change is a Part 1 or Part 2 Matter	The proposal changes the way that peaking probabilities are applied in the CDCM and therefore affects CDCM tariffs.
Related Change Proposals	
Change Proposal Intent	
The intent of this proposal is to remove the current inconsistencies in the way that the CDCM allocates costs on the basis of contribution to system simultaneous maximum load, to ensure these costs are allocated in a way which utilises peaking probabilities for all demand tariffs.	
Business Justification and Market Benefits	
The CDCM currently applies a different set of rules, compared to other tariffs, to both the domestic unrestricted tariff and the small non-domestic unrestricted tariff when allocating the costs of each network level on the basis of contribution to system simultaneous maximum load. For these two tariffs (and the related portfolio tariffs) the network cost allocation rule uses the ratio of the tariff group coincidence factor to load factor. The peaking probabilities at the various network levels have no impact on the allocation of costs for these two tariffs – in effect the CDCM assumes that all network level assets peak at the time of system peak. The peaking probabilities input into the CDCM indicate that this is not the case. For tariffs with multiple unit rates, however, the CDCM applies a revised rule to allocate the costs of	

each network level on the basis on contribution to system maximum load. The ratio of the coincidence factor to the load factor is replaced with a coefficient calculated by the following procedure to reflect the peaking probabilities of each network level (see paragraph 72 of Schedule 16):

a) Calculate the ratio of coincidence factor to load factor that would apply if units were uniformly spread within each time band, based on the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band and the assumption that the time of system simultaneous maximum load is certain to be in the red or black (as appropriate) distribution time band.
b) Calculate a correction factor for each user type as the ratio of the coincidence factor to load factor, divided by the result of the calculation above.
c) For each network level and each unit rate, replace the ratio of the coincidence factor to the load factor in the above formula with the ratio of coincidence factor (to network level asset peak) to load factor that would apply given peaking probabilities at that network level if units were uniformly spread within each time band, multiplied by the correction factor.
d) The coefficient calculated for the non-half hourly and half hourly unmetered supplies tariffs will be determined by aggregating these tariffs to produce one value.

The effect is to create an inconsistency in the CDCM whereby the same £/kW/yr network level cost is allocated to some tariffs on the assumption that all assets at all levels peak at the time of system peak, but allocated to other tariffs in a way which reflects the peaking probabilities of each network level.

Applying the logic which is applied to tariffs with multiple unit rates to the domestic and small non-domestic tariffs will remove this inconsistency.

Proposed Solution and Draft Legal Text

The proposed solution is to change the cost allocation rules contained in paragraph 72 of Schedule 16 such that the same set of rules is applied to both tariffs with a single unit rate and tariffs with multiple unit rates.

Proposed legal text: Amend Schedule 16 as follows:

Allocation of costs on the basis of contribution to system simultaneous maximum load

67. All £/kW/year unit costs and revenue are used in the calculation of yardstick charges for each tariff.

68. For demand tariffs and portfolio tariffs related to demand users ~~with a single unit rate (with the exception of the non-half hourly unmetered supplies tariffs),~~ the contributions of each network level to the unit rate are calculated as follows:

[p/kWh from network model assets] = 100*[network level £/kW/year]*[user loss factor]/[network level loss factor]*[pseudo load coefficient]~~[coincidence factor]/[load factor]~~*(1 – [contribution proportion])/[days in charging year]/24

[p/kWh from operations] = 100*[transmission exit or other expenditure £/kW/year]*[user loss factor]/[network level loss factor]*[pseudo load coefficient]~~[coincidence factor]/[load factor]~~/[days in

charging year]/24

69. These calculations are repeated for each network level.

69A. In this equation the pseudo load coefficient is calculated by the following procedure:

a) Calculate the ratio of coincidence factor to load factor that would apply if units were uniformly spread within each time band, based on the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band and the assumption that the time of system simultaneous maximum load is certain to be in the red or black (as appropriate) distribution time band.

b) Calculate a correction factor for each user type as the ratio of the coincidence factor to load factor, divided by the result of the calculation above.

c) For each network level and each unit rate, derive the ratio of coincidence factor (to network level asset peak) to load factor that would be apply given peaking probabilities at that network level if units were uniformly spread within each time band, multiplied by the correction factor.

d) The coefficient calculated for the non-half hourly and half hourly unmetered supplies tariffs will be determined by aggregating these tariffs to produce one value.

70. In this equation, the user loss factor is the loss adjustment factor to transmission for the network level at which the user is supplied, and the network level loss factor is the loss adjustment factor to transmission for the network level for which costs are being attributed.

71. For generation users and portfolio tariffs for generation users, no contribution to the unit rate is calculated in respect of the network level corresponding to circuits at the Entry Point, and a negative contribution to the unit rate (i.e. a credit) comes from each network level above the Entry Point. That contribution is calculated as follows:

[p/kWh from network model assets] = −100*[network level £/kW/year]*[user loss factor]/[network level loss factor]*(1 − [contribution proportion])/[days in year]/24

[p/kWh from operations] = −100*[transmission exit or other expenditure £/kW/year]*[user loss factor]/[network level loss factor]/[days in year]/24

72. ~~For tariffs with several unit rates and non-half hourly unmetered supplies tariffs, the same principle is used but the ratio of the coincidence factor to the load factor is replaced with a coefficient calculated by the following procedure:~~

~~a) Calculate the ratio of coincidence factor to load factor that would apply if units were uniformly spread within each time band, based on the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band and the assumption that the time of system simultaneous maximum load is certain to be in the red or black (as appropriate) distribution~~

~~time band.~~

~~b) Calculate a correction factor for each user type as the ratio of the coincidence factor to load factor, divided by the result of the calculation above.~~

~~c) For each network level and each unit rate, replace the ratio of the coincidence factor to the load factor in the above formula with the ratio of coincidence factor (to network level asset peak) to load factor that would be apply given peaking probabilities at that network level if units were uniformly spread within each time band, multiplied by the correction factor.~~

~~d) The coefficient calculated for the non-half hourly and half hourly unmetered supplies tariffs will be determined by aggregating these tariffs to produce one value.~~ Not Used.

Proposed Implementation Date

We propose an implementation for Tariffs effective from 1 April 2016.

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC	☐
CUSC	☐
Grid Code	☐
MRA	☐
SEC	☐
Other	☐
None	☒

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

General Objectives:

Please tick the relevant boxes. [See Guidance Note 9]

☐ 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

[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 3 is better facilitated by removing an inconsistency in the allocation of network costs to different tariffs.

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

The proposer presented this DCP in draft form for discussion to the DCMF MIG meeting in January 2015.

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

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**	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). 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.
5	**Proposed Implementation Date**	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. • Submission of Company indicative tariffs is 31 December of each year. • Final tariffs are published on 1 April of each year. 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. Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.
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.