

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 236
Date of submission	17/03/2015
Attachments	Proposed legal text, showing revisions to Clause 19.1.
Originator Details	
Company Name	Southern Electric Power Distribution plc
Originator Name	Angus Rae
Category	DNO
Email Address	angus.rae@sse.com
Phone Number	01738 456308
Change Proposal Details	
CP Title	Variation of Charges Notice Periods – Embedded Networks
Impacted parties	DNOs, Suppliers, IDNOs
Impacted Clause(s)	Clause 19.1
Part 1 / Part 2 Matter	Part 1
Provide your rationale why you consider this change is a Part 1 or Part 2 Matter	<p>This CP seeks to amend unworkable notice provisions, relating to variation of Charges by DNOs operating 'out of area' networks, which resulted as an unintended consequence of DCP178. Replacement of the unworkable notice periods with alternatives consistent with Portfolio Billing arrangements is proposed in this CP.</p> <p>The Proposer considers that the CP meets the criteria of a Part 1 matter as DNO embedded networks are a significant and established element of competition in electricity distribution. This CP is essential for enabling this competition to continue in a compliant manner.</p>
Related Change Proposals	DCP178
Change Proposal Intent	
<p>The approval of DCP178 introduces into Clause 19.1 notice periods for the variation of Charges which are fixed and specific for DNO Parties and IDNO Parties. However, a DNO which operates 'out of area' embedded distribution networks cannot comply with the specified periods as, to operate under Portfolio Billing, it requires to obtain and process the relevant 'host' distributor charges before it can set embedded network charges.</p> <p>This CP therefore seeks to amend Clause 19.1 to separately specify notice periods applicable to DNOs</p>	

in relation to Distribution Services Area charges and 'out of area' embedded network charges.

The notice periods for such DNO embedded networks proposed by this CP are identical to the periods applicable to IDNO charges approved under DCP178.

Business Justification and Market Benefits

The final DCP178 legal text removed an existing DCUSA provision which enabled a DNO acting 'out of area' to vary charges subject to a notice period specified in the 'Relevant Charging Statement'.

This text alteration had the unintended consequence of implementing specific notice periods for DNOs which cannot be complied with in the embedded networks context. An alternative provision is therefore necessary to enable affected DNOs to operate within a realistic and appropriate notice period, and maintain orderly market arrangements.

Proposed Solution and Draft Legal Text

See attached legal text.

Proposed Implementation Date

November 5 2015.

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

None known.

Environmental Impact

None known.

Confidentiality

Non-confidential.

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

General Objectives:

General Objective 2 is better facilitated as the CP would apply notice periods which enable DNOs acting out of area (an established aspect of competition in the distribution of electricity) to face reasonable notice obligations, which are consistent between those DCUSA Parties who set charges under Portfolio Billing.

General Objective 3 is better facilitated as the notice obligations of Clause 19.1, as revised by DCP178, cannot be discharged by a DNO which operates embedded networks. The amendments proposed by this CP would enable the efficient discharge of notice obligations by utilising the most appropriate and consistent time period.

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
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- 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 Objectives:

N/A – this CP does not seek to amend any of the Charging Methodologies.

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

The issue was discussed at the Methodologies Issues Group meeting on 12 March 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	<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.