

## DCP 203 Legal Text

### Step 4: Price control disaggregation

96. Step 4 involves calculations based on price control and expenditure data which produce a series of discount percentages to be used to determine portfolio tariffs for LDNOs.
97. For the purposes of price control disaggregation the network is split into five levels: LV services, LV mains, HV/LV, HV and EHV.
98. The determination of discount percentages involves the following steps:
  - a) Allocation of price control revenue elements to network levels.
  - b) Determination of a percentage allocation of total revenue per unit to network levels.
  - c) Determination of the proportion of the LV mains deemed to be used by LV-connected embedded networks.
  - d) Allocation of 100% of the LV services to LV-connected embedded networks (the "[LV services allocation]").
  - e) Determination of the proportion of the HV network deemed to be provided by HV-connected embedded networks with HV end users.
  - f) Calculation of the discount percentage for each combination of boundary network level and end user network level.
  - g) Determination of an average discount percentage, weighted by the total numbers of Domestic connections made to LDNO networks, split by LDNO discount category, within the DNO Party's Distribution Services Area.
  - h) ~~g)~~ Application of discount percentages to determine portfolio tariffs.

99-----123

### [INSERT A NEW SECTION 124]

#### LDNO UMS Connections by Network Level

124. The DNO Parties will ~~use~~ determine the total number of Domestic connections made to LDNO networks, split by LDNO discount category (relating to each of the LDNO boundary network levels), within the DNO Party's Distribution Services Area.

This data shall be used to determine a proxy for the allocation of UMS connections made to LDNO networks, split by LDNO discount category, within the DNO Party's Distribution Services area, reflecting the modelling assumption that the ratio of UMS connections to Domestic connections is mainly constant over all LDNO networks regardless of DNO/LDNO boundary network levels. This data will be used in the price control disaggregation to determine an average weighted LDNO discount named "LDNO Any: Unmetered" that may be applied to UMS connection tariffs regardless of the voltage of connection at the boundary network level using the following formula:

**LDNO Any: Unmetered Discount =**

$$\frac{\sum_{i=1}^n (\text{No. of LDNO Domestic connections with LDNO Discount } n \times \text{LDNO Discount } n)}{\text{Total No. of LDNO Domestic connections in DNO DSA}}$$

Where

LDNO Any: Unmetered Discount = the LDNO discount available to all unmetered connections made to LDNO networks regardless of LDNO discount category.

No. of LDNO Domestic connections with LDNO Discount n = the total number of energised Domestic MPANs registered against LDNO networks within the DNO Party's Distribution Services Area, allocated to LDNO discount category n for portfolio billing purposes (as defined in Schedule 19 (Portfolio Billing)), where n is equal to 1 to 7.

LDNO discount n = the applicable LDNO discount for connections to LDNO networks with LDNO discount category 1 to 7 where the following rules apply:

n=1 means that the discount category is LV: LV

n=2 means that the discount category is HV: LV

n=3 means that the discount category is HV plus: LV

n=4 means that the discount category is EHV: LV

n=5 means that the discount category is 132kV/EHV: LV (applicable to DNO Parties in England and Wales only),

n=6 means that the discount category is 132kV: LV (applicable to DNO Parties in England and Wales only),

n=7 means that the discount category is 0000(GSP): LV

Total No. of LDNO Domestic connections in DNO DSA = the total number of Domestic MPANs registered against LDNO networks within the DNO Party's Distribution Services Area.

Application of discount percentages to determine portfolio tariffs

125. ~~124.~~ For demand users, the discount percentages are applied to all tariff components in all-the-way tariffs in order to determine embedded network portfolio tariffs.

126. ~~125~~ For generation users, the unit rate element (p/kWh) is not discounted, reflecting the modelling assumption that generation benefits are seen at the voltage level above the Exit Point, and therefore the embedded LDNO simply “passes on” the benefits seen at the DNO Party level. The fixed charge element (p/day) is discounted at 100 per cent, as this tariff component in the all-the-way tariff recovers costs associated with the allocation of other expenditure to service assets, which are not provided by the DNO Party.

Tariff structures for LDNOs

147. The tariff structure for LDNOs will mirror the structure of the all-the-way-tariff, and, with the exception of UMS connections, is dependent on the voltage of connection either LV or HV. The same tariff elements will apply.

**[INSERT A NEW TABLE 10]**

<b>Table 10: LDNO UMS Tariffs</b>				
<b><u>Point of Connection</u></b>	<b><u>Profile Class</u></b>	<b><u>Unit Rate Time Bands</u></b>	<b><u>Other Charges</u></b>	<b><u>Tariff Name</u></b>
<u>LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP)</u>	<u>8</u>	<u>One</u>	<u>None</u>	<u>LDNO Any: NHH UMS (Category A)</u>
<u>LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP)</u>	<u>1</u>	<u>One</u>	<u>None</u>	<u>LDNO Any: NHH UMS (Category B)</u>
<u>LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP)</u>	<u>1</u>	<u>One</u>	<u>None</u>	<u>LDNO Any: NHH UMS (Category C)</u>
<u>LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP)</u>	<u>1</u>	<u>One</u>	<u>Unit Rate</u>	<u>LDNO Any: NHH UMS (Category D)</u>
<u>LV, HV, HV plus, EHV, 132kV/EHV, 132kV, 0000 (GSP)</u>	<u>N/A</u>	<u>Three</u>	<u>None</u>	<u>LDNO Any: UMS (Pseudo HH Metered)</u>

## **Schedule 17**

### **24. LDNO CHARGING**

24.1 IDNO Parties with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An IDNO Party with a Distribution System that qualifies as a CDCM "Designated Property" according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An IDNO Party with a Distribution Systems that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an "extended" price control disaggregation model (extended method M).

| Where an IDNO Party with a Distribution Systems, that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences that serves UMS Connectees that fall within the scope of the CDCM, indicates a preference for their associated charges to be calculated using the "LDNO Any: Unmetered" discount, the IDNO Party will be eligible for discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

## Schedule 18

### 24. LDNO CHARGING

24.1 IDNO Parties with Distribution Systems that serve Connectees that fall within the scope of the CDCM would have their charges based on standard discount percentages applied to the CDCM all-the-way end user charges.

An IDNO Party with a Distribution System that qualifies as a CDCM "Designated Property" according to the definition set out in condition 50.10 of the Distribution Licences are eligible for portfolio discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.

An IDNO Party with a Distribution Systems that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences are eligible for discounts calculated using an "extended" price control disaggregation model (extended method M).

| Where an IDNO Party with a Distribution Systems, that qualifies as an EDCM "Designated EHV Property" according to the definition set out in condition 50A.11 of the Distribution Licences that serves UMS Connectees that fall within the scope of the CDCM, indicates a preference for their associated charges to be calculated using the "LDNO Any: Unmetered" discount, the IDNO Party will be eligible for discounts calculated using a price control disaggregation model (method M) consistent with the CDCM.