DCP311 – ‘Clarification of inputs for cap and collar NUFs’ proposed legal text:

The below red-lined legal text has been based on schedule 18 of DCUSA version 9.3. Similar amendments will be required to schedule 17.

18.3 Adjusted site-specific assets are calculated using network use factor that have been subjected to caps and collars.

* 1. A cap and a collar are calculated for each network level as follows:
* In ascending order, list the network use factors for all EDCM Connectees in all DNO Party areas relating to that network level, excluding all the factors that are either equal to zero or 1, or not used, based on the customer categories of each EDCM Connectee.
* Divide the list into two segments, one that contains factors that are lower than 1, and the other than contains the factors that are higher than 1.
* Take the list segment containing factors that are lower than 1. Starting from the lowest factor in this list segment, calculate the factor at the 15th percentile. This is the collar.
* Take the list segment containing factors higher than 1. Starting from the lowest factor in this segment, calculate the factor at the 85th percentile. This is the cap.

18.5 The same cap and collar would apply in all DNO Party areas to NUFs at that network level.

18.6 The network use factor (NUF) caps and collars for 2011/2012 at each network level were calculated using this methodology and are set out in table 22 below. The NUF caps and collars using 2015/2016 data for each network level have also been determined, and are set out in table 22A below.

**Table 22 Network use factor caps and collars (2011/2012)**

|  |  |  |
| --- | --- | --- |
| **Network Levels** | **Collar** | **Cap** |
| 132kV | 0.273 | 2.246 |
| 132kV/EHV | 0.677 | 1.558 |
| EHV | 0.332 | 3.290 |
| EHV/HV | 0.631 | 2.380 |
| 132kV/HV | 0.697 | 2.678 |

**Table 22A Network use factor caps and collars (using data used for 2015/16 but based on the updated NUF calculation methodology)**

|  |  |  |
| --- | --- | --- |
| **Network Levels** | **Collar** | **Cap** |
| 132kV | 0.192 | 1.859 |
| 132kV/EHV | 0.674 | 1.551 |
| EHV | 0.367 | 2.366 |
| EHV/HV | 0.635 | 1.616 |
| 132kV/HV | 0.808 | 1.652 |

18.7 The caps and collars in table 22 above were fixed for three years, and were used to calculate charges for the Charging Years 2012/2013 and 2013/2014. The caps and collars are to be re-calculated for the subsequent Charging Years. From Charging Year 2017/2018 onwards the caps and collars are to be calculated using the methodology described in paragraph 18.5 based on the NUFs described in paragraph 18.8. The NUFs themselves are calculated in accordance with paragraphs 29 and 30 below.

18.8 Table 23 below sets out the schedule for the calculation of the NUF caps and collars for each Charging Year.

**Table 23 NUF cap and collar calculation timeline**

|  |  |
| --- | --- |
| **Charging Year** | **Caps and Collars** |
| 2011/2012 Submission | 2011/2012 caps/collars (as per table 22) |
| 2012/2013 | 2011/2012 caps/collars (as per table 22) |
| 2013/2014 | 2011/2012 caps/collars (as per table 22) |
| 2014/2015 | Average of NUFs used for 2011/2012, 2012/13 and 2013/2014 charges |
| 2015/2016 | Average of NUFs used for 2011/2012, 2012/13 and 2013/2014 charges |
| 2016/2017 | Average of NUFs used for 2011/2012, 2012/13 and 2013/2014 charges |
| 2017/2018 | Caps/collars using the updated NUF methodology applied to data used for 2015/2016 charges (as per table 22A) |
| 2018/2019 | Caps/collars using the updated NUF methodology applied to data used for 2015/2016 charges (as per table 22A) |
| 2019/2020 | Caps/collars using the updated NUF methodology applied to data used for 2015/2016 charges (as per table 22A) |
| 2020/2021 | Average of NUFs used for 2018/2019, 2019/2020 and 2020/2021 charges |
| 2021/2022 | Average of NUFs used for 2018/2019, 2019/2020 and 2020/2021 charges |
| 2022/2023 | Average of NUFs used for 2018/2019, 2019/2020 and 2020/2021 charges |
| 2023/2024 | Average of NUFs used for 2021/2022, 2022/2023 and 2023/2024 charges |
| 2024/2025 | Average of NUFs used for 2021/2022, 2022/2023 and 2023/2024 charges |
| 2025/2026 | Average of NUFs used for 2021/2022, 2022/2023 and 2023/2024 charges |