DCP 325 – Reviewing the requirements of Sections 35A (‘Provision of Cost Information’), 35B (‘Production of the Annual Review Pack’), Schedule 15 (‘Cost Information Table’) and Schedule 20 (‘Production of the Annual Review Pack’)

**Amend Clause 35.A as follows:**

# 35A. PROVISION OF COST INFORMATION

35A.1 This Clause 35A shall only apply where the Company is a DNO Party.

35A.2 By [Schedule to be agreed] the Company shall populate, publish on its own website and provide to the Secretariat the ‘Illustrative Forecast Model’ template version [XXX] as provided by the Panel, which shall be prepared in accordance with the tables detailed in Schedule 15.

35A.3 The Secretariat shall, within three Working Days of receiving each table and commentary provided pursuant to this Clause 35A, publish such Illustrative Forecast Model on the website.

35A.4 The Secretariat shall ensure that, within [schedule to be agreed], a meeting is convened (which may be held by telephone conference) at which the Company will be present and to which all Supplier Parties and IDNO Parties are invited. At such a meeting, the Company shall provide an oral commentary to assist those attending to understand the data presented within the most recently submitted Illustrative Forecast Model. The Company shall ensure that the Supplier Parties and the IDNO Parties attending the meeting are given the opportunity to ask questions regarding the Illustrative Forecast Model, and the Company shall use reasonable endeavours to provide a response to those questions.

**Delete Clause 35B and replace with “NOT USED”:**

# 35B. Not USED

Delete Schedule 20 and replace with the words ‘NOT USED’:

SCHEDULE 20 – NOT USED

# DEFINITIONS AND INTERPRETATION

Amend the following definition set out under Clause 1:

|  |  |
| --- | --- |
|  |  |

**SCHEDULE 15 – Illustrative forecast model**

1. **DEFINITIONS**

In this Schedule 15, except where the context otherwise requires, the following terms shall have the meanings set opposite them:

|  |  |
| --- | --- |
| **CDCM** | means the Common Distribution Charging Methodology as set out in Schedule 16. |
| **CDCM Revenue** | means the revenue to be recovered from tariffs calculated under the CDCM. |
| **Demand Use of System Charges** | has the meaning given to that term in special condition CRC2 of the Company’s Distribution Licence. |
| **EDCM & Certain Interconnector Revenue** | means, at any time and in respect of a Regulatory Year, the Company’s reasonable estimate (at that time) of: (a) the revenue to be recovered from tariffs calculated under the Charging Methodology set out in Schedule 17 or 18 (as applicable to the Company); plus (b) to the extent relevant, the revenue to be recovered from the DNO Party-to-DNO Party interconnector charges referred to in paragraph 20.4 of the methodology set out in schedule 17. |

|  |  |
| --- | --- |
| **Final Collected Revenue Forecast** | means, at any time and in respect of a Regulatory Year, the Company’s reasonable estimate (at that time) of the final Regulated Combined Distribution Network Revenue for that Regulatory Year. |
| **Generation Use of System Charges** | has the meaning given to that term in special condition CRC2 of the Company’s Distribution Licence. |
| **Regulated Combined Distribution Network Revenue** | has the meaning given to that term in special conditions CRC2 of Company’s Distribution Licence. |
| **Regulatory Year** | has the meaning given to that term in special condition CRC2 of the Company’s Distribution Licence. |
| **Regulatory Year t** | means, in respect of any estimate, the then current Regulatory Year at the time the estimate is made. **Regulatory Year t-1** shall be the previous Regulatory year, and **Regulatory Year t+1** shall be the following Regulatory Year and so on. |
| **Use of System Charges** | means Demand Use Of System Charges and Generation Use Of System Charges. |

1. The estimates made by the Company in completing the table set out in this Schedule (including the illustrative tariffs) shall be based on such information as is reasonably available to the Company at the time of such estimate (it being acknowledged that such estimates may be subject to revision from time to time).

The terms used in the second column of table 1 below are to have the meanings ascribed to them in the special conditions (CRCs) of the Company’s Distribution Licence. The Company is to complete the subsequent columns with the corresponding value for such term and each Regulatory Year, as provided by the Company’s Licence (or, where no such value is provided, with the Company’s best estimate of such value on the basis of stated assumptions to be outlined in the final column of that table).

Words and expressions not otherwise defined in this Agreement or this Schedule shall have the meanings given to them in the special conditions (CRCs) of the Company’s Distribution Licence.

5. The Illustrative Forecast Model issued by each DNO Party will contain the following:

(a) historical CDCM input information for a minimum period of 3 years, and a 5-year forecast of the CDCM inputs, which will (in each case) be provided in a spreadsheet format and contain the CDCM input sheets in a format that can be directly copied into the CDCM model;

(b) CDCM tariffs and typical bills for each tariff in each year of the 5-year period covered by the Illustrative Forecast Model;

(c) functionality to allow users the ability to update the forecast CDCM inputs and view the resultant impact on Use of System Charges and typical bills;

(d) a 5-year forecast of the retail prices index (RPI), and a linkn between that forecast and any of the CDCm inputs which the DNO Party believes relate to RPI, so that users are able to update the RPI forecast in such a way that it automatically updates the relevant CDCM inputs;

(e) a commentary on the forecast for each CDCM input via individual comments;

(f) details of the expected time bands (as referred to in the CDCM model) that will be used in each of the 5 years covered by the Illustrative Forecast Model; and

(g) details of the historic daa over the previous 3 years used in calculating the average values for load characteristics (load factors, coincidence factors, and the estimated proportion of units recorded in each relevant time pattern regime that fall within each distribution time band) and peaking probabilities.

6.1 The forecast CDCM input data will be provided by DNO Parteis based on their own perception of how the CDCM input data may change over the 5-year period covered by the Illustrative Forecast Model. The format of the Illustrative Forecast Model will be common, but the actual forecast will be specific to each DNO Party to allow that DNO Party flexibility to express its own views and to provide a realistic forecast.

6.2 It is acknowledged that:

(a) in populating the Illustrative Forecast Model, each DNO Party will make a number of assumptions;

(b) the information set out in each Illustrative Forecast Model is illustrative in nature, and is only intended as an indication of an expectation at a point in time; and

(c) actual Use of System Charges may differ significantly from the indicative tariffs set out in the Illustrative Forecast Models, including where there are material changes in the data and assumptions underlying the forecasts, and accordingly, although each DNO Party shall endeavour to ensure the accuract of the information provided in the Illustrative Forecast Model, no DNO Party (or its officers, employees or agents) will be liable for the accuracy of the information contained in the Illustrative Forecast Models.

**TABLE 1**

The Company should replicate the final column of Table 1 for each year from the start of the Price Control Period relating to regulatory year t-2, to the latest of the final regulatory year of the current Price Control Period or regulatory year t+4.





**Table 1.1\_RPI**

The Company should replicate Table 1.1 of the Illustrative Forecast Model to provide Users with a breakdown of the Price Index Adjustment Factors (RPIF) to allow Users to determine how data from the HM Treasury Forecasts is used. The Company should also include the movement in each component between the previous quarter’s version and the current version in that financial year.



**Table 1.2\_MOD**

The Company should replicate Table 1.2 of the Illustrative Forecast Model to provide Users with a breakdown of the MODt Term, providing transparency into the assumptions behind the revenue term. The Company shall provide this information by using the Price Control Financial Model published by the Authority in each financial year.



**TABLE 2**

The Company shall provide commentary on their biggest associated risks with their Base Demand Revenue, Allowed Pass-through Items, Incentive Revenue and Other Adjustments and their Correction data.

