

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 / Urgent
CP Number	DCP 168
Date of submission	13/02/2013
Attachments	
Originator Details	
Company Name	ESP Electricity Limited
Originator Name	Donna Townsend
Category	DG / DNO / EDNO / OTSO / SUPPLIER / OTHER
Email Address	donnat@espipelines.com
Phone Number	
Change Proposal Details	
CP Title	The Administration of Use of System charges relating to connections from Embedded Distribution Network Operator (EDNO) systems to Unmetered Supplies (UMS) for LA customers.
Impacted parties	EDNOs and DNOs
Impacted Clause(s)	Schedule 16, Schedule 19, Schedule 21
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
<p>The intent of this change proposal is to make the required amendments to the DCUSA that will enable LA Authority (LA) customer's to trade their unmetered supply connections from licensed embedded networks under the host DNO's MPAN by creating a single EDNO discount factor for UMS connections regardless of the DNO/EDNO boundary network level. It is anticipated that changes will be required to the method of calculation of the EDNO discount percentages outlined in paragraphs 118 to 123 of Schedule 16. It may also be necessary to make changes to the portfolio billing arrangements outlined in Schedules 19 and/or 21 of the DCUSA. At this stage, it is not envisaged that any changes will be required elsewhere in the DCUSA to meet the intent of this change proposal, however this may change as the working group progresses.</p>	
Business Justification and Market Benefits	
<p>The proposed changes will deliver improved service to LA customers by simplifying the current administration process for unmetered connections. The simplification of this process will allow developers to award contracts to EDNOs without the fear of highway adoption issues, this in turn will benefit competition in provision of connections and distribution services to Distribution networks.</p> <p>Under the current arrangements, schedule 19 of the DCUSA, entitled Portfolio Billing sets out the rules for inter-distributor Use of System (UoS) billing where an embedded distribution network operator</p>	

EDNO is connected to the host DNO and subsequently connects end users to that EDNO's distribution system. This process requires that end user's MPANs be linked to a Line Loss Factor Class (LLFC) identifier. The LLFC identifier shows the voltage of connection of the EDNO's distribution system to the DNO network (i.e. DNO/EDNO boundary network level) and the network voltage of the EDNO's end user customer. This information is used by the host DNO to determine the relevant discount to the "all the way" UoS tariff that will be applied to the EDNO when the DNO bills the EDNO for the use of its distribution system.

This process works effectively for metered customers as such customers tend to have a single, or a small number of exit points per MPAN, typically confined to a single EDNO network. In the case of UMS connections provided to LAs, exit points are often distributed amongst a wide geographic area containing a number of different EDNO distribution systems. Such a scenario requires that each LA must trade an additional separate MPAN for each EDNO operating in its area. Furthermore, to accommodate inter-distributor billing, the EDNO must also ensure that a separate MPAN is raised for each different DNO/EDNO boundary connection arrangement it has with the DNO that provides UMS connections to the LA. This means that each LA could potentially be required to trade 36 separate MPANs¹ against its portfolio of UMS connections.

The Change Proposer also believes that some Suppliers may be levying additional administration charges to LA customers on a per MPAN basis. Furthermore, there is evidence that additional administration charges are levied against LA customers by their nominated meter administrators in respect of each additional MPAN that the meter administrator processes for the LA. This practice has led to LAs refusing to complete highway adoption agreements with developers who opt to make connections to an EDNO network on the grounds of the increased administration costs that the LA could be exposed to due to the unmetered supply administration issues. This distorts competition as developers face additional obstacles in achieving highway adoption when connecting to an EDNO rather than a DNO network.

It should be noted that, as far as the Settlement system is concerned, each additional MPAN would recover the same unit rate for UoS charges. These additional MPANs are required solely for inter-distributor billing purposes. The EDNO will continue to have full legal and regulatory responsibility for connections made to its distribution system.

It should also be noted that as far as current Settlement systems are concerned there is no perceived impact as the BSC systems only see aggregated data. Therefore any EDNO UMS consumption added to the DNO MPAN will simply be accumulated into the Suppliers reporting. The EDNO would not require additional reporting for the suggested solution.

Given the low volumes of unmetered connections to EDNO networks (when considered relative to DNO connections) and the associated low UOS revenues, the extra administrations appear to outweigh the benefit of a potential increased accuracy in splitting the UoS revenue between the EDNO and the DNO.

¹There are currently seven different EDNO boundary network level interface connection arrangements, namely LV/LV, HV/LV, HV Plus, EHV, 132kV/EHV, 132kV, and GSP. There are five EDNOs are currently active, thus requiring a maximum of 36 MPANs, including the host DNO's to enable inter-distributor billing. The EDNOs are ESP Electricity, Energetics, Electricity Network Company, Independent Power Networks, and Scottish and Southern Electric Power Distribution. It should be noted that the figure of 36 could be further multiplied by a factor of 4 in the case of NHH trading to accommodate the 4 different settlement classes e.g. dusk till dawn, continuous etc.

Impact assessment

The simplification of the current process will require the development of a single EDNO discount calculated based upon the average number of UMS connections to EDNO networks for each DNO/EDNO boundary network level. A single EDNO discount will reduce the inter-distributor billing costs for both the host DNO and the EDNO.

The current thinking of the impact on real terms cost reflectivity of a single discount is that such a change will have a negligible impact given the low volumes of unmetered connections to EDNO networks (when considered relative to DNO connections) and the associated low UoS revenues. The reduction in administration will benefit the host DNO, the EDNO and LA customers.

Proposed Solution and Draft Legal Text

The following proposed solution was compiled with the input from a number of EDNOs and one DNO Party. Should this change proposal be progressed it is anticipated that further development of these proposals may be required by the DCUSA panel establishing a working group.

Calculation of a single EDNO Discount for Unmetered Connections

As described above a separate MPAN is required for all possible DNO/EDNO boundary network levels. To reduce the administration burden it is proposed that a single split be determined based upon the following formula:

$$\text{UMC EDNO Discount} = \frac{\text{Total UMS Connections to EDNO Networks}}{\text{Total UMS Connections to DNO Networks}} \times \text{DNO UoS Revenue} \quad \text{Eqn. 1}$$

$$\text{DNO UoS Revenue} = \text{DNO UoS Revenue} \quad \text{Eqn. 2}$$

$$\text{DNO UoS Revenue} = \text{DNO UoS Revenue} \quad \text{Eqn. 3}$$

Where

UMC EDNO Discount = the EDNO discount applicable to all unmetered connections made to

EDNO networks

No. of UMCs to EDNO network with EDNO Discount n = A proxy figure for the total number of unmetered connections to an EDNO network with EDNO discount class 1 to 7. This is calculated using data for the number of domestic customers connected to the EDNO network at each DNO/EDNO boundary network level multiplied by the UMC ratio as per Eqn. 2 above.

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

n= 1 \equiv Discount category LV: LV

n=2 \equiv Discount category HV: LV

n=3 \equiv Discount category HV plus

n=4 \equiv Discount category EHV

n=5 \equiv Discount category 132kV/EHV

n=6 \equiv Discount category 132kV

n=7 \equiv Discount category GSP

No. of EDNO domestic MPANs with EDNO Discount n = The total number of domestic connections to all of the EDNO's networks with EDNO discount class n, where n is 1 to 7.

UMC Ratio = The ratio of the total number of unmetered connections to all of the EDNO's networks to the total number of domestic customer connections to all of the EDNO's networks.

No. of UMCs to all EDNO networks = The total number of unmetered connections to all of the EDNO's networks

No. of EDNO domestic MPANs = The total number of domestic customer connections to all of the EDNO's networks

Proposal for UMS connections to be traded on a DNO NHH MPANs

The steps outlined below for the Settlements process for NHH and HH UMS MPANs are listed to provide context only to the required changes to Step 4 of Schedule 16 of the DCUSA. These changes will enable inter-distributor billing for UMS connections to be carried out without the need for the LA

customer to trade their UMS connections portfolio under a separate MPAN for each permutation of IDNO and DNO/IDNO boundary network level. The Settlement process is beyond the scope of the DCUSA. At this time the Change Proposer does not envisage a necessity to make significant changes to the BSC or the MRA to allow the steps listed below for the Settlement Process to be implemented, however this will be investigated more thoroughly by the Change Proposer in parallel with the progression of the DCUSA working group.

Settlements Process

- 1 The LA provides the EDNO with an inventory of its UMS connected to the EDNO's networks in the same format as the inventory it holds for the DNO UMS connections.
- 2 The EDNO, in its capacity as UMSO, agrees the inventory with the LA and the LA adds the EDNO inventory to its DNO inventory. The combined inventory containing the detail of each UMS item connected to DNO and EDNO networks will need to contain an ID that will enable the LA and the relevant network operator to identify both the host DNO² and the EDNO who owns the network that provides the UMS connection.
- 3 The LA provides the combined inventory to the DNO, from which the equivalent annual consumption (EAC) can be calculated for each inventory item.
- 4 The DNO processes the inventory in the normal manner and the UMS connections are traded in Settlements under the DNO's MPAN.
- 5 The Supplier bills the LA under the DNO MPAN.
- 6 The DNO bills the Supplier with the same consumption information.

Inter-distributor billing

The EDNO will bill the DNO based on the total UMS EAC it calculates from the agreed inventory provided to the EDNO by the LA as per step 2 above. i.e. EAC x EDNO Discount x CDCM "all the way" (ATW) unit rate. The detail of the billing arrangement will need to be agreed and included into the DCUSA. It is likely that the EAC would be split equally into four and billed on a quarterly basis.

²This will be the DNO who Distribution Services Area encompasses the LA authority's street unmetred supply connection portfolio.

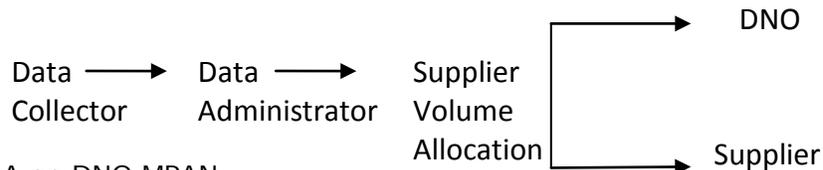
Proposal for UMS connections to be traded on a DNO Half Hourly MPANs

Settlements Process

- 1 The LA provides the EDNO with an inventory of its UMS connected to the EDNO's networks in the same format as the inventory it holds for the DNO UMS connections.
- 2 The EDNO, in its capacity as UMISO, agrees the inventory with the LA and the LA adds the EDNO inventory to its DNO inventory. The combined inventory containing the detail of each UMS item connected to DNO and EDNO networks will need to contain an ID that will enable the LA and the relevant network operator to identify both the host DNO³ and the EDNO. The formatting of this code will need to be agreed, one possible suggestion is to combine the host DNO Market Domain ID followed by the EDNO Market Domain ID, for example, an IPNL connection to ENW's network would use the ID 1624.
- 3 Consideration may need to be given to the use of a further factor to account for the inaccuracy of the EAC calculation against the constructed half hourly demand figures (where these are constructed using a CMS system), based on data from LA's MA and or CMS provider. This factor will be used for the inter-distributor billing element only and will not influence the data going into Settlements. This will require an assessment of the cost benefit of this increased complexity against the potential improvement in cost reflectivity of the split in the "all the way" tariff between the DNO and the EDNO.
- 4 The DNO adds the EDNO inventory to its inventory for audit purposes and EDNO DUoS bill validation. Unlike the non half hourly case, the summary data does not go directly into settlements, instead it is used for inter-distributor billing only.
- 5 The LA provides the DNO and the EDNO combined inventory to its meter administrator for data processing to construct half hourly demand figures and a CMS file as required.

³This will be the DNO whose Distribution Services Area encompasses the location of the UMS connection

- 6 The meter administrator sends half hourly consumption to LA for DNO MPAN that will include EDNO and DNO inventories.
- 7 The meter administrator sends half hourly demand consumption data to the data collector and the Settlement process continues as normal i.e.



- 8 The Supplier bills LA on DNO MPAN.
- 9 The DNO bills the Supplier with the same consumption information.

Inter-distributor billing

- 10 The DNO provides the EDNO with the percentage split of units billed to the Supplier across each of the red, amber and green distribution time bands⁴. (this principle is reflective of the current exchange of HH metered data between EDNOs and DNOs under the terms of the DCUSA)
- 11 The EDNO bills the DNO for the margin it would have received based on EDNO total UMS EAC it calculates from the agreed inventory provided to the EDNO by the LA as per step 2 above. i.e. $EAC \times EDNO \text{ Discount} \times CDCM \text{ ATW unit rate for the relevant distribution time band} \times CMS \text{ correction factor}$ (where applicable). Where the CMS correction factor is calculated as follows:

Where

CMS Correction Factor = A factor applied to the total EAC of the EDNO's connections to account for any reduction in electrical energy distributed due to the CMS system.

CMS KWh Saved = The total KWhs of energy saved during the relevant charging period due to the CMS system. This is expected to be the energy consumption calculated from the CMS profile files subtracted from the energy consumption of the half hourly photo electric cell units (PECU) array.

Total KWh = This is the total half hourly energy demand consumption of the LA UMS portfolio

⁴ WEF of 1st April 2013 new distribution time bands will be in force for UMS connections, the old red, amber green time bands will be replaced by black, yellow and green.

calculated from the CMS program files during the relevant charging period .

The working group will develop the DCUSA draft Legal Text. DCUSA drafting changes will be required to schedule 16, under the Calculation of discount percentages paragraphs 118 to 123 to incorporate the calculations outlined above and in schedule 19 and or 21 for the billing requirements.

Proposed Implementation Date

April 2014

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC	<input checked="" type="checkbox"/>
CUSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
MRA	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

BSCP520 would need to make reference to the agreed arrangements. The OID would also need to be reviewed for completeness.

The MRA would need to be reviewed to see if any registration issues could occur e.g. the UMSO against the DNO's MPAN would usually be the incumbent UMSO and consideration needs to be given to registrations issues and inventory queries by Suppliers (settlement dates etc).

If other please specify

Environmental Impact

None Identified

Confidentiality

None

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes.</p> <p><input checked="" type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and EDNO Parties of efficient, co-ordinated, and economical Distribution Networks</p> <p><input checked="" type="checkbox"/> 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</p> <p><input type="checkbox"/> 3 The efficient discharge by the DNO Parties and EDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p>
Rationale for better facilitation of the DCUSA Objectives identified above

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives
<p>Please tick the relevant boxes.</p> <p><u>CDCM Objectives:</u></p> <p><input type="checkbox"/> 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</p> <p><input checked="" type="checkbox"/> 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)</p> <p><input type="checkbox"/> 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</p> <p><input type="checkbox"/> 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</p>

Business

General Objectives:

- 1 The development, maintenance and operation by the DNO Parties and EDNO 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 EDNO Parties of obligations imposed upon them in their Distribution Licences
- 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

CDCM Objectives:

CDCM Objective number 2: This change proposal will remove the requirement for LAs to trade multiple to enable inter-distributor billing. This requirement is often cited by a number of LAs as justification for delaying or refusing to adopt highways that contain connections to street furniture from EDNO networks. This action has the potential to impact on competition in connections and distribution services as developers may be unwilling to jeopardise the completion of their Section 38 adoption agreements with the LA. This could lead to developers awarding new network extension contracts for the host DNO that might otherwise have been awarded to an EDNO. The removal of this increased administration burden on the LA therefore has the potential to facilitate effective competition in connections and distribution services thus satisfying the CDCM Objective number 2.

General Objectives:

General Objective number 1: This CP will simplify the process of administration of unmetered supply connections to EDNO network thus satisfying this objective.

General Objective number 2: see above CDCM Objective number 2.

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

DCUSA Standing Issues Group – see attached paper.
UMSUG

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Data Field	Guidance
Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
Change Proposal Intent	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
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
CP Status	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
DCUSA CDCM Objectives	Indicate which of the DCUSA CDCM Objectives will be better facilitated by the Change Proposal. Please note that a CDCM change may also facilitate the DCUSA General objectives.
Draft Legal Text	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
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 .
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.
Proposed Implementation Date	The Change can be implemented in February, June, and November of each year.
Proposed Solution	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.
Rationale for DCUSA Objectives	Provide 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.
Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the

	DCUSA or other industry change process.
--	---