

Proposed variation:	Distribution Connection and Use of System Agreement (DCUSA) DCP188 – Addition of Black and Yellow Tariff to Portfolio Billing		
Decision:	The Authority ¹ directs that proposal DCP188 be made ²		
Target audience:	DCUSA Panel, Parties to the DCUSA and other interested parties		
Date of publication:	12 Nov 2013	Implementation Date:	Next DCUSA release

Background to the modification proposal

Under DCUSA Schedule 16 each Distribution Network Operator (DNO) party has the responsibility for determining distribution 'time bands'. Time bands are distinct blocks of time to which charges for using the distribution system can be applied. To address the variance between non-half hourly and half hourly traded unmetered supplies (UMS), DCP130 introduced black and yellow time bands³. The black and yellow time bands are seasonal and replaced the year round red and amber time bands for UMS. This addressed the issue of perceived overcharging of continuous load UMS customers who paid year round peak charges, despite actual peak times being seasonal.

Schedule 19 of DCUSA requires Embedded Distribution Network Operators (EDNO) to provide a report to the DNO on each invoice raised in respect of half hourly settled connections. It currently only requires the report to include the DNO's unit rates (in kilowatt hours) for each Meter Point Administration Number covered by the invoice data for the red/amber/green time bands. It does not include the new black and yellow time bands implemented for pseudo half hourly⁴ UMS following approval of DCP130.

The modification proposal

DCP188 was raised by SP Distribution Limited (the proposer) to include reporting on the new black and yellow time bands in the EDNO's report to the DNO. The proposer considers that DCP188 will provide clarity in the wording of the DCUSA and provide transparency with regards to what is required of the EDNO.

DCUSA Parties' recommendation

The Change Declaration for DCP188 indicates that DNO, IDNO/OTSO, Supplier and DG⁵ parties were eligible to vote on DCP188. In each party category where votes were cast (no votes were cast in the IDNO/OTSO or DG categories), there was unanimous support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to us is that DCP188 is accepted. The outcome of the weighted vote is set out in the table below:

DCP188	WEIGHTED VOTING (%)							
	DNO		IDNO/OTSO		SUPPLIER		DG	
	Accept	Reject	Accept	Reject	Accept	Reject	Accept	Reject
CHANGE SOLUTION	100	0	n/a	n/a	100	0	n/a	n/a
IMPLEMENTATION DATE	100	0	n/a	n/a	100	0	n/a	n/a

¹ The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

² This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

³ <https://www.ofgem.gov.uk/ofgem-publications/62512/dcp130d.pdf>

⁴ Customers on pseudo half hourly UMS are allocated a consumption profile based on predicted time of use.

⁵ DNO – Distribution Network Operator; IDNO – Independent Distribution Network Operator; OTSO – Offshore Transmission System Operator; DG – Distributor Generator

Our decision

We have considered the issues raised by the proposal and the Change Declaration dated 8 October 2013. We have considered and taken into account the vote of the DCUSA parties on the proposal which is attached to the Change Declaration. We have concluded that:

- implementation of the change proposal DCP188 will better facilitate the achievement of the General DCUSA objectives⁶; and
- directing that the change is approved is consistent with our principal objective and statutory duties.⁷

Reasons for our decision

We consider that the proposal will better facilitate DCUSA General Objective 3.1.4 and is neutral in relation to the other objectives.

DCUSA General Objective 3.1.2 – the facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity

The proposer considers that DCP188 will provide clarity in the wording of the DCUSA and help give transparency to what is required of EDNOs, and so facilitate competition, therefore better meeting General Objective 3.1.2. In our view, however, DCP188 is purely an administrative issue, and the effect on competition will be broadly neutral.

DCUSA General Objective 3.1.4 – the promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it

We consider that DCP188 will better facilitate General Objective 3.1.4. Adding the requirement to report on black and yellow time bands into Schedule 19 of DCUSA reflects the introduction of these new time bands into schedule 16 of DCUSA under DCP130, and clarifies their inclusion in the report the EDNO must provide to the DNO. We consider this promotes the efficient implementation of DCUSA.

Decision notice

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP188: *'Addition of Black and Yellow Tariff to Portfolio Billing'* be made.

Andy Burgess

Associate Partner – Transmission and Distribution Policy

Signed on behalf of the Authority and authorised for that purpose

⁶ The DCUSA General Objectives (Applicable DCUSA Objectives) are set out in Standard Licence Condition 22.2 of the Electricity Distribution Licence and are also set out in Clause 3.1 of the DCUSA.

⁷ The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.