

DCUSA Change Proposal Form

This form should be used by DCUSA Parties who wish raise a draft or formal Change Proposal and for DCUSA members and other interested parties to return their comments on DCUSA Change Proposals which have been circulated for consultation.

Originators - please complete Section A of this form and submit to DCUSA@electralink.co.uk.

Respondents – please complete Section B of this form and return it to DCUSA@electralink.co.uk your response should include your assessment of the solution and comments on the Change Proposal drafting. If you reject the solution then please supply your reason for rejection and an alternative solution. Even if you reject a solution your responses should state whether the proposed implementation date is acceptable to your organisation. If it is not acceptable, please indicate the reasons why and an alternative date.

SECTION A: To be completed by originator

Document Control	
CP Status	Standard
Date Submitted	11th June 2008
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* Assigned by DCUSA Secretariat

Originator Details	
Party Name	British Gas
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Party Category	Supplier
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Change Proposal Details	
CP Title	Provision of cost information
DCUSA Parties believed to be impacted	Distributor / Supplier
Proposal to Change	Part 1 Schedule / Clause: A new clause to be included to cover "Provision of Cost

	Information” A new Schedule 14																					
Summary of Change	<p>Currently there is no detailed provision of the core elements of the Electricity Distribution Price Control that is provided to Suppliers.</p> <p>We recognise that a number of the DNOs have voluntarily agreed to publish their indicative forecast financial position on their websites. This data is limited to a period of 12 months. However this information is very high level and does not provide sufficient granularity or longevity of forecasted data. Additionally, the information that is currently provided is presented differently by the DNOs and is published at different intervals.</p> <p>Suppliers need this information to be able to forecast their costs. We recognise that there will be a certain level of uncertainty in providing such information and therefore accept that any data provided will be provisional only. However, we also recognise that the DNOs have significant skill in producing this information as this will drive their own respective business plans.</p> <p>Accordingly, this proposal seeks to require DNOs to provide such information to enable Suppliers to forecast more accurately the likely direction and magnitude of changes in distribution revenue over a rolling five year basis.</p> <p><u>Proposed legal drafting</u></p> <p>We have suggested a new clause “Provision of Cost Information”. This could be added after Clause 35 or as 57.9 under “Further Information Provisions”. In addition a new schedule 14 is required to define the format for publishing the cost information.</p> <p>The new clause needs to include the following provisions:</p> <div><div>i)</div><div>The company shall publish the information detailed in Schedule 14 on a quarterly basis by the Required Date on the DCUSA website</div></div> <div><div>ii)</div><div>The company will provide the data for the current year and for the following 5 years on a rolling basis</div></div> <div><div>iii)</div><div>The company shall provide their assumptions and commentary to assist in the understanding of the presented data</div></div> <p>Schedule 14 Provision of Cost Information</p> <p>Company Name</p> <p>Date</p> <table><tr><td></td><td>08</td><td>09</td><td>10</td><td>11</td><td>12</td><td>13</td></tr><tr><td>Core Allowed Revenue</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Cost Pass Through</td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>		08	09	10	11	12	13	Core Allowed Revenue							Cost Pass Through						
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Core Allowed Revenue																						
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	Incentive Payments and adjustments						
	Inflation rate assumed						
	Over/under recovery						
	Final allowed revenue						
	Final allowed revenue forecast						
	Forecast collected revenue						
	Percentage change to charges required at the next charging year.						
	Commentary						
	Assumptions						
Related CPs	A similar quarterly reporting has been approved and implemented in respect of the Gas Distribution Price Control Review, through Modification 186. This may be suitable to use as a basis for this proposal.						

Proposed Solution

This proposal requires that the following information is provided by each DNO on a quarterly basis, for the current year and subsequent years (over a 5 year rolling period), based on the DNO's latest best estimates where the precise information is not known:

- core allowed revenue
- sum of cost pass through items
- details of all incentive payments and adjustments
- assumed inflation rate
- final allowed revenue
- expected collected revenue
- over / under recovery for the year
- percentage change to charges required at the next charging year.

Additionally, the assumptions underlying this data provision will be provided together with any relevant commentary.

It is not the intention that suppliers use this data to challenge the information provided by DNOs, although reasonable questioning can be expected.

Proposed Implementation Technique

Big Bang.

Proposed Implementation Date

Please specify and give a reason if proposed date is outside the release schedule

We would like this information provided as soon as reasonably possible. We would

anticipate that a work group is required to work up the final details of the proposal and anticipate November 2008 as a realistic implementation date.

DCUSA Objectives

Please state which DCUSA Objective(s) will be better facilitated by this CP

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;

We believe that this proposal better facilitates competition:

- As it will result in the regular transparent provision of relevant information on revenues and charges.
- As it will enable suppliers to improve the accuracy of their forecasts and assessments.
- As it provides greater certainty of future charges, both within the immediate price control and the subsequent price control.
- Between suppliers as it will enable suppliers to compete more effectively due to this data provision.

Business Justification Including Market Benefits

As we move into an era of higher priced energy and massive investment to support its delivery to customers, there is little sense that DNOs are moving to meet supplier's needs to better forecast their distribution charges so that suppliers can provide the best possible value to their customers

Without the provision of this information, suppliers forecasting is severely hampered.

Authority Consent

Yes (Part One)