

## 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](mailto:DCUSA@electralink.co.uk).

Respondents – please complete Section B of this form and return it to [DCUSA@electralink.co.uk](mailto: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	9 <sup>th</sup> June 2010
CP Number*	DCP 066
Version Number	1.0
CP Ref*	06/10
Attachments	Appendix A – revised Schedule 15

\* Assigned by DCUSA Secretariat

Originator Details	
Party Name	British Gas
Originator Name	Kevin Woollard
Party Category	Supplier
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Change Proposal Details	
CP Title	Enhanced provision of cost information
DCUSA Parties believed to be impacted	Distributor / Supplier
Proposal to Change	Part 1 Schedule / Clause: Clause 35A

	Schedule 15
Summary of Change	<p>This change seeks to build upon the information provided by DCP30 by providing a separate line item for each significant contributor that make up the current Schedule 15. It is also envisaged that a commentary would be provided on a line-by-line basis. The information should allow users to track revenues from Price Control to CDCM/EDCM with each significant element itemised. This information would be provided monthly.</p> <p>This change has been developed through Workstream C of the CDCM programme with the aim of improving transparency and supplier understanding of existing reports provided under Schedule 15.</p> <p>A new requirement would be for DNOs to provide a range of possible values for volatile items contained within the revised Schedule. This will aid users to understand the level of risk around future DUoS contains. As a guide values should look to describe P10 and P90 scenarios, but it is understood this may not always be possible. This would be in line with the current quarterly schedule. The DCP50 teleconferences would remain quarterly.</p> <p>It has also become evident that changes to current year, and future year, values are often impacted by changes to previous years. So, it is also proposed to include the previous year (year t-1) within Schedule 15 to aid understanding of this.</p> <p><b>Proposed legal drafting</b></p> <p>Clause 35A would require timing updating to monthly and the new quarterly requirement added.</p> <p>Schedule 15 to be replaced by the attached spreadsheet, now with 2 parts.</p>
Related CPs	

### Proposed Solution

This proposal requires that the following information is provided by each DNO on a monthly basis, for the previous year, current year and subsequent years (over a 6 year rolling period), based on the DNO's latest best estimates where the precise information is not known:

- Base Demand Revenue
- RPI
- Base Demand Revenue After Inflation
- Total Pass-Through forecast
  - Business Rates
  - Licence Fees

- Transmission Exit
- Others
- Incentive Payments and Adjustments
  - Correction Factor
  - Losses Incentive
  - Low Carbon Networks Fund
  - Quality of Service
  - Price Control Re-openers
  - Others
- Final Allowed Revenue Forecast
- Final Collected Revenue Forecast
- Forecast over/under recovery
- % change to Allowed Revenue
- EDCM Revenue
- CDCM Revenue
- % change to prices

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

On a quarterly basis, low and high case values for the following items will be provided for years t, t+1, t+2:

- Under/over recovery (year t only)
- Losses (years t+1, t+2)
- Low Carbon Network Fund (years t+1, t+2)
- Quality of Service (years t+1, t+2)
- Price Control Reopeners (years t+1, t+2)
- Final Collected Revenue Forecast (years t+1, t+2)

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 October 2010 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 greater transparency over the breakdown and drivers of DUoS costs.
- 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**

It is perceived that the advent of the CDCM and EDCM, and the new Price Control Mechanisms, bring more volatility and uncertainty to future DUoS charges.

This additional information will allow parties to understand the levels of volatility better and reduce the levels of uncertainty.

#### **Authority Consent**

Yes (Part One)