

DCP 325 CONSIDERATIONS LOG

ELEMENT OF CP	ACTIONS	STATUS	OUTCOME
Table 1	British Gas Response to Question 3: <i>“...include a separate table which breaks down the value of the MODt term included in the Table 1 forecast. This provides transparency and valuable insight into the assumptions behind this important revenue term. We would recommend DNOs incorporate an equivalent breakdown of the MODt term into the Clause 35A requirements.”</i> Working Group comment: The Working Group agreed that this should be something to consider and they would need to review the electricity Price Control Financial Model to determine what the equivalent table would be. It was also agreed that the ‘modification to revenue from the Annual Iteration Process’ (MOD) term line will still be included within the table, but an extra sheet will be included for commentary.	Ongoing – action is on all DNOs to consider	Template/Model: Date:
	Legal Text: Date:		
	Confidential Response to Question 3: <i>In their response to this question there was a suggestion to include the calculations behind the RPIF as this would allow Parties to see how the data from the Treasury forecasts is used. They also suggested that the movement in each component between the previous quarter’s version and current version should be combined onto one sheet compared to separate sheets at the moment.</i> Working Group comment: The Working Group confirmed that the ‘Price index adjustment factor’ (RPIF) data can be included on a single worksheet within the template.	Completed: this respondents’ suggestion has been included in the latest template.	Template/Model: Date: 11 Jan 2019
	Legal Text: Date: Dependent on whether the WG believe template should be centrally controlled or whether the legal text should refer to a specific model.		
Table 2	British Gas Response to Question 4: <i>“We don’t believe Table 2 is useful in its current form. An alternative approach could be to include a table that allows DNOs to provide information related to specific risks and sensitivities that it is aware of that could impact the level or timing of revenues. For example, a DNO may have assumed that it will trigger a specific price control re-opener in its base</i>	Completed – Table 2 in the latest template includes a commentary field	Template/Model: Date: 11 Jan 2019

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	<p><i>forecast, but could use this table to highlight any uncertainty in the timing or scale of the revenue impact.”</i></p> <p>Working Group comment:</p> <p>The Working Group agreed that to do this, there would need to be a “free field” included in the table without a specified format which may lessen the commonality across the DNO areas. The Working Group will consider the inclusion of a table that allows DNOs to provide information related to the biggest risks to their revenue that they have identified.</p>		<p>Legal Text:</p> <p>Date: Requires updating to distinguish what DNOs should be including in the field.</p>
Table 3	<p>Haven Power response to question 5:</p> <p><i>“We would suggest providing Table 3 in the same format as Annex 1 of the DUoS charging statements to improve ease of comparison between published and forecast tariffs.</i></p> <p><i>Additional space for DNO commentary would also be useful, to provide details of which inputs have/have not been updated in the calculation of the illustrative tariffs and which are still liable to be changed.”</i></p> <p>Working Group comment:</p> <p>The Working Group highlighted that Annex 1 has a different format to the template, but it would not be an issue to update and this will be considered by the group when developing the solution.</p>	<p>Ongoing – Following a discussion by the Working Group on 11 January 2019, it was agreed that the suggestion made by Haven Power will be incorporated into the spreadsheet template. It is noted that this means that Table 3 will be set out in the same format as Annex 1 of the DUoS charging statements to improve the ease of which a Supplier can compare published and forecast tariffs.</p> <p>Spreadsheet template is to be amended to complete this item.</p>	<p>Template/Model:</p> <p>Date: Template to be updated by AE</p> <p>Legal Text:</p> <p>Date: To be reviewed to see if needs amending later on in the process.</p>
	<p>Working Group Conclusions from responses to Question 5:</p> <p>The Working Group concluded that there were varying responses from industry on this question and the respondents’ comments would be considered in the round when developing the solution for the CP.</p>	<p>Completed – Working Group members agree that the additional commentary tab is useful to include in table 3.</p>	
	<p>Working Group Conclusions from responses to Question 6:</p> <p>The Working Group concluded that the majority of support was for the cost information tables to be maintained within the DCUSA document. The Working Group highlighted that they must ensure that there is consistency in the template formats across DNO areas to guarantee that they are consistent across industry.</p>	<p>Completed – Working Group agree that the Cost Information Tables should be maintained within the DCUSA Document.</p>	<p>Template/Model:</p> <p>Date:</p> <p>Legal Text:</p> <p>Date:</p>
Location of Cost Information Tables			

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Usefulness and Components of ARP	<p>Working Group Conclusions from responses to Question 7:</p> <p>The Working Group concluded that there was a 50:50 split in responses to this question. It was agreed that they may need to consult further on this to determine party views on whether there is be a strong view on using the CDCM models instead of the ARP.</p> <p>Working Group Conclusions from responses to Question 8:</p> <p>The Working Group concluded that some respondents found varying elements of the ARP useful. Working Group members agreed that they would re-review responses to this question and will consider the useful elements when developing their solution.</p>	<p>Ongoing – AE and KB to develop potential solutions for a new tool to be developed that would allow Suppliers to be able to review all CDCM outputs for all DNO areas.</p>	<p>Template/Model:</p> <p>Date:</p>
Combining ARP and Cost Information Tables and quarterly submission	<p>Working Group Conclusions from responses to Question 9:</p> <p>The Working Group concluded that all respondents, who provided a preference, were supportive of combining the ARP and the Cost Information Tables. However, there were some varying degrees of caveats that will need to be considered by the Working Group when developing the solution for the change.</p> <ul style="list-style-type: none"> Working Group need to consider the complexity of doing so as the publication needs to still be fit for purpose. The Working Group highlighted that some respondents suggested the removal of table 3 in a previous question and so this will be considered when developing the solution for the change. 	<p>Ongoing – Working Group to re-review once decision regarding the potential new tool has been concluded.</p>	<p>Template/Model:</p> <p>Date:</p> <p>Legal Text:</p> <p>Date:</p>
Timings of Publications	<p>Electricity North West Limited response to Question 5:</p> <p><i>“In some circumstances Table 3 refers to a year for which charges have already been published (i.e. in the February submission, where t+2 charges have been published by the end of the prior December) and is therefore pointless for that quarter’s submission. This is a situation that has arisen because of changes to the charging timetable not being reflected in the provisions of Schedule 15 and should be addressed in any changes to be made.</i></p> <p><i>For quarters where Table 3 refers to a future year with unpublished charges our view is that it is still of little value.</i></p> <p><i>The calculation of CDCM charges includes a wide range of inputs, most of which vary over time, and often cannot be predicted with a satisfactory degree of precision in advance.</i></p> <p><i>It is our view that Table 3 is particularly unhelpful as it does not provide any insight to the underlying assumptions that have been used. In this regard it is in contrast to the ARP and the annual publication of charges.</i></p>	<p>Ongoing - The group agreed that another question should be asked in the second consultation around a number of approaches for alignment to the publication to treasury forecast. It was noted that there are three potential ways in which this could be done. The three are listed below:</p> <ol style="list-style-type: none"> Status quo approach 5 Working Days into the following month which the treasury forecast is published 	

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	<p><i>We suggest that Table 3 is removed.”</i></p> <p>Electricity North West Limited response to Question 10:</p> <p><i>“Furthermore, we would also ask that the working group give consideration to other key industry publication dates, namely:</i></p> <ul style="list-style-type: none"> <i>• The issuing by Ofgem of the final MOD term in mid-November</i> <i>• The issuing by Ofgem of directions relating to incentives (although in relation to these the timing may not be formally set out).</i> <i>• The M16 and RIIO accounts completed in July.</i> <p><i>Taking all these factors into account, it is our view that it would be better to provide a single mid-year update sometime around the end of August (once the HMT figures are available) in addition to the existing ARP commitment at the time of price setting at the end of December. There may be some merit in providing an update in late May once DNOs know their year-end revenues and the May quarter HMT inflation forecast is available.</i></p> <p><i>We see little merit in providing quarterly updates in February (too near to the recently issued ARP at the end of December, and little new industry information available), or in November (just one month prior to the issuing of final prices and a new ARP).”</i></p> <p>Working Group Conclusions:</p> <p>The Working Group concluded that the majority of respondents were supportive of aligning the publication of the Cost Information Tables with the publication of the HM Treasury Forecasts. The Working Group also agreed that they would be supportive with the suggestion made by ENWL to move the publication dates but highlighted that these would need to be within the first 5 working days of January, June and September. Working Group members would need to consider whether a March publication would be required when they develop the solution for the change.</p>	<p>3. The approach set out by ENWL</p> <p>The Working Group suggested that a table could be produced that sets out the pros and cons for suppliers and DNOs for each of the options. It was also suggested that when asking question in the next consultation that respondents could be asked for their preference.</p>	
<p>Provision of teleconference</p>	<p>Working Group Conclusions:</p> <p>The Working Group concluded that the majority of respondents were supportive of the DCP066A teleconferences and that the DCUSA Secretariat should host these. The Working Group also agreed that the DNOs should look at aligning their presentations and consider either recording the meetings or ensuring that there is some sort of minutes or report provided after the calls so that industry can refer back to the discussion if it is required.</p>	<p>Ongoing – There is broad support for Secretariat hosted meetings and the group noted that the legal text can be light on detail. This could be to simply put an obligation on the Secretariat to convene a ‘fit for purpose’ meeting taking into account Parties’ suggestions for</p>	

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		<p>improvement. Instead of more detailed required (e.g. recording of meetings, use of webex etc.).</p> <p>Legal text to be drafted to complete this item.</p>	
Implementation Date	<p>Working Group Conclusions:</p> <p>The Working Group concluded that they are happy with the proposed implementation date. Consideration of the current arrangements when organising the DCP066A teleconferences and publishing the Cost Information Tables/ARP will be taken in to account so that there is no duplication of effort by industry.</p>	<p>Ongoing – to be completed once solution is finalised.</p>	