## DCP 311 – ‘Clarification of inputs for cap and collar NUFs’ proposed legal text:

**Schedule 17.**

18.3 Adjusted site-specific assets are calculated using network use factors that have been subjected to caps and collars.

* 1. A cap and a collar are calculated for each network level as follows:
* In ascending order, list the network use factors for all EDCM Connectees in all DNO Party areas relating to that network level, excluding all the factors that are either equal to zero or 1, or not used, based on the customer categories of each EDCM Connectee.
* Divide the list into two segments, one that contains factors that are lower than 1, and the other than contains the factors that are higher than 1.
* Take the list segment containing factors that are lower than 1. Starting from the lowest factor in this list segment, calculate the factor at the 15th percentile. This is the collar.
* Take the list segment containing factors higher than 1. Starting from the lowest factor in this segment, calculate the factor at the 85th percentile. This is the cap.

18.5 The same cap and collar would apply in all DNO Party areas to network use factors at that network level.

18.6 Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.







18.7 Where year t is a charging year for which the caps and collars are being recalculated the caps and collars calculated and used for years t, t+1 and t+2 will be based on applying the calculation detailed in paragraph 18.4 to the average of network use factors which were used in the calculation of charges applicable to years t-3, t-2 and t-1.18.8 The network use factor caps and collars that are updated in accordance with paragraphs 18.6 and 18.7 will be maintained by the DNO Parties and referenced within the EDCM user manual.



**Schedule 18**

18.3 Adjusted site-specific assets are calculated using network use factors that have been subjected to caps and collars.

* 1. A cap and a collar are calculated for each network level as follows:
* In ascending order, list the network use factors for all EDCM Connectees in all DNO Party areas relating to that network level, excluding all the factors that are either equal to zero or 1, or not used, based on the customer categories of each EDCM Connectee.
* Divide the list into two segments, one that contains factors that are lower than 1, and the other than contains the factors that are higher than 1.
* Take the list segment containing factors that are lower than 1. Starting from the lowest factor in this list segment, calculate the factor at the 15th percentile. This is the collar.
* Take the list segment containing factors higher than 1. Starting from the lowest factor in this segment, calculate the factor at the 85th percentile. This is the cap.

18.5 The same cap and collar would apply in all DNO Party areas to network use factors at that network level.

18.6 Caps and collars are recalculated triennially, with the three year cycle having being established when caps and collars were calculated when determining 2017/18 charges (in 2015). In years where a recalculation has not been carried out, the values used remain at the most recently calculated values.







18.7 Where year t is a charging year for which the caps and collars are being recalculated collars calculated and used for years t, t+1 and t+2 will be based on applying the calculation detailed in paragraph 18.4 to the average of network use factors which were used in the calculation of charges applicable to years t-3, t-2 and t-1.18.8 The network use factor caps and collars that are updated in accordance with paragraphs 18.6 and 18.7 will be maintained by the DNO Parties and referenced within the EDCM user manual.