

Part A: Generic

DCUSA Change Proposal (DCP)		At what stage is this document in the process?
<h1>DCP 293:</h1> <h2>Charging methodology cut-off date</h2> <p>Date raised: <i>14 February 2017</i></p> <p>Proposer Name: <i>Oliver Day</i></p> <p>Company Name: <i>UK Power Networks</i></p> <p>Company Category: <i>DNO</i></p>		<p>01 – Change Proposal</p> <p>02 – Consultation</p> <p>03 – Change Report</p> <p>04 – Change Declaration</p>
<p>Purpose of Change Proposal:</p> <p>DCUSA has a requirement for DNOs to provide fifteen months' notice of changes to Use of System charges. This necessitates DNOs to have complete and final versions of the charging methodologies and a complete and final suite of fully tested charging models (CDCM, EDCM, PCDM and ARP) for the relevant charging year prior to initiating the calculation and validation of revised charges.</p> <p>This change looks to establish a cut-off date for the finalisation of the charging methodologies at 17 months prior to the date that the methodology would become effective. Establishing this cut-off date will provide a 2-month time window for DCUSA to provide charging models and DNOs to test the new charging models and then to calculate, test and approve revised charges.</p>		
	<p>Governance:</p> <p>The Proposer recommends that this Change Proposal should be:</p> <ul style="list-style-type: none"> • Treated as a Part 1 Matter • Treated as a Standard Change • Proceed to Working Group <p>The Panel will consider the proposer's recommendation and determine the appropriate route.</p>	
	<p>Impacted Parties: DNOs, Suppliers, IDNOs and other interested industry parties.</p>	
	<p>Impacted Clauses: Section One of DCUSA</p>	

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Indicative Timeline		 DCUSA@electralink.co.uk  02074323000 Proposer: Oliver Day  oliver.day@ukpowernetworks.co.uk  07875 112250
The Secretariat recommends the following timetable:		
Initial Assessment Report	15 February 2017	
Consultation Issued to Industry Participants	TBC	
Change Report Approved by Panel	19 July 2017	
Change Report issued for Voting	21 July 2017	
Party Voting Closes	11 August 2017	
Change Declaration Issued to Authority	15 August 2017	
Authority Decision	19 September 2017	

1 Summary

What?

This proposal seeks to make a change to DCUSA that will affect the implementation of charging methodology related DCPs. Currently there is no formal date that the methodology becomes final prior to the actual date that the methodology change becomes effective. This lack of a date for final methodology confirmation causes a conflict with DNOs obligation to provide notice of changes to charges 15 months ahead of their implementation date. This conflict could affect DNOs ability to provide charges calculated and validated using the actual methodology that would be approved for use during the appropriate charging year.

The change would enable DCUSA to confirm the final charging methodologies for the appropriate future charging year before DNOs have the obligation to provide notice to change charges for that year.

DCUSA would then have enough time to obtain and test the full suite of charging models and for DNOs then to calculate, test and approve revised charges prior to publication of revised charges. The methodologies for the appropriate charging year would include all approved DCPs at the cut-off date.

Why?

Currently there is an unnecessary risk, that due to short timeframes DNOs have insufficient time to understand the interaction of all the approved changes, test models and calculate charges before the 15-month notice period has to be provided. Appropriate testing and calculation time is necessary to ensure that robust error checking and approval processes can be undertaken.

Since the CDCM was introduced in 2010 and the EDCM in 2012 there have been a significant number of charging change proposals submitted; each of these take time to move through the open governance process and as the majority are part 1 matters ultimately require the approval of the Authority.

DCUSA parties are faced with a challenge to ensure that a known and understood methodology and a full set of compliant and fully tested charging models are available in good time. This would then enable the DNO parties the time to ensure that the charges are calculated, tested and published at the end of each December.

How?

This change would establish a cut-off date at which DCUSA will make final the charging methodologies available. This cut-off date will be 17 months prior to the date that the changes to the methodology becomes effective. At that date, DCUSA would finalise the charging methodologies (Schedules 16, 17 and 18) that will be effective for the relevant charging year.

Establishing this cut-off date will provide a 2-month window for DCUSA to provide charging models, and for DNOs to test the new charging models and calculate, test and approve revised charges.

This proposal would allow the development of Charging DCPs to continue, but any change to a charging methodology not approved (by the Authority for Part 1 and by DCUSA Parties for Part 2) or applied in that release of the methodology would not be included in that year's charge setting.

2 Governance

Justification for Part 1 and Part 2 Matter

This change would affect the deadline within which changes can be developed, as such we believe that it is appropriate that the Authority ultimately make the decision on this change.

Requested Next Steps

This Change Proposal should:

- Be treated as a Part 1 Matter
- Be treated as a Standard Change
- Proceed to Working Group

3 Why Change?

Since the CDCM was introduced in 2010 and the EDCM in 2012 there have been a significant number of charging change proposals submitted; each of these take time to move through the open governance process, and as the majority are part 1 matters ultimately require the approval of the authority.

Each year, DCUSA parties are faced with a challenge to ensure that a known and understood methodology and a full set of compliant and fully tested charging models are available to the DNOs for charge setting, enabling them to calculate and publish final charges at the end of each December. Currently DNOs are reliant on changes being approved within a reasonable date in advance of the end of the year so that a consolidated set of charging models can be obtained by the DCUSA Panel and tested prior to being used for charge setting. Since 2015 this has become even more important as charges are now set fifteen months in advance and published as final rather than indicative.

In order to avoid this situation in future, it is proposed that a change to the DCUSA timeline for charging related DCPs be made, to ensure there is sufficient time once approval by the Authority is granted, for DCUSA to confirm the charging methodology and make any changes to the charging model(s) as necessary to include any approved DCPs.

Currently charging related changes are developed throughout the year with no timescale or deadline before which they need to be approved by the Authority, prior to their use in the calculation of DUoS Charges. In reality a charging methodology change could even be approved after the 15 month notice period and this would place DNOs in breach of their obligations. This proposal seeks to remedy that conflict and provide sufficient time to ensure robust quality assurance is undertaken.

Part B: Code Specific Details

4 Solution and Legal Text

DCUSA Section 14 will be amended to include a clause to specify that a 17-month cut-off date prior to the effective date of any change will be applied to any modifications to Schedules 16, 17 and 18. This will mean that these methodologies must be finalised by DCUSA 17 months prior to the date that they become effective.

5 Code Specific Matters

Reference Documents

Not applicable.

6 Relevant Objectives

DCUSA Charging Objectives	Identified impact
<input checked="" type="checkbox"/> 1 that compliance by each DNO Party with the Charging Methodologies facilitates the discharge by the DNO Party of the obligations imposed on it under the Act and by its Distribution Licence	Positive

<input type="checkbox"/> 2 that compliance by each DNO Party with the Charging Methodologies facilitates competition in the generation and supply of electricity and will not restrict, distort, or prevent competition in the transmission or distribution of electricity or in participation in the operation of an Interconnector (as defined in the Distribution Licences)	None
<input checked="" type="checkbox"/> 3 that compliance by each DNO Party with the Charging Methodologies results in charges which, so far as is reasonably practicable after taking account of implementation costs, reflect the costs incurred, or reasonably expected to be incurred, by the DNO Party in its Distribution Business	Positive
<input checked="" type="checkbox"/> 4 that, so far as is consistent with Clauses 3.2.1 to 3.2.3, the Charging Methodologies, so far as is reasonably practicable, properly take account of developments in each DNO Party's Distribution Business	Positive
<input type="checkbox"/> 5 that compliance by each DNO Party with the Charging Methodologies facilitates compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None
<p>This change will help to ensure that robust change control, validation and approval takes place prior to issuing notice of revised charges. The change will also remove a potential anomaly where DNOs could be placed into a situation outside of their control where they would breach their DCUSA obligations.</p>	
<p>DCUSA General Objectives</p>	<p>Identified impact</p>
<input type="checkbox"/> 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks	None
<input type="checkbox"/> 2 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	None
<input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences	None
<input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of the DCUSA	None
<input type="checkbox"/> 5 Compliance with the Regulation on Cross-Border Exchange in Electricity and any relevant legally binding decisions of the European Commission and/or the Agency for the Co-operation of Energy Regulators.	None

This change will help to ensure that robust change control, validation and approval takes place prior to issuing notice of revised charges. The change will also remove a potential anomaly where DNOs could be placed into a situation outside of their control where they would breach their DCUSA obligations.

7 Impacts & Other Considerations

Does this Change Proposal impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

This change can be progressed without the need for a SCR or similar project.

Does this Change Proposal Impact Other Codes?

- BSC
- CUSC
- Grid Code
- MRA
- SEC
- Other
- None

Consideration of Wider Industry Impacts

This change has been discussed informally with DCUSA parties with regard to need to resolve the issue which has been identified.

Confidentiality

This change is not confidential.

8 Implementation

Proposed Implementation Date

It is requested that this change will be implemented prior to 31 October 2017.

9 Recommendations

Part C: Guidance Notes for Completing the Form

Ref	Section	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Governance	<p>A CP must be categorised as a Part 1 or Part 2 matter in accordance with Clause 10.4.7 of the DCUSA. All Part 1 matters require Authority Consent.</p> <p>Part 1 Matter</p> <p>A change Proposal is considered a Part 1 Matter if it satisfies one or more of the following criteria:</p> <p>a) it is likely to have a significant impact on the interests of electricity consumers;</p> <p>b) it is likely to have a significant impact on competition in one or more of:</p> <ul style="list-style-type: none"> i. the generation of electricity; ii. the distribution of electricity; iii. the supply of electricity; and iv. any commercial activities connected with the generation, distribution or supply of electricity; <p>c) it is likely to discriminate in its effects between one Party (or class of Parties) and another Party (or class of Parties);</p> <ul style="list-style-type: none"> i. it is directly related to the safety or security of the Distribution Network; and ii. it concerns the governance or the change control arrangements applying to the DCUSA; and iii. it has been raised by the Authority or a DNO/IDNO Party pursuant to Clause 10.2.5, and/or the Authority has made one or more directions in relation to it in accordance with Clause 11.9A. <p>Part 2 Matter</p> <p>A CP is considered a Part 2 Matter if it is proposing to change any actual or potential provisions of the DCUSA which does not satisfy one or more of the criteria set out above.</p>
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.

4	Proposed Solution and Draft Legal Text	<p>Outline the proposed solution for addressing the stated intent of the CP. The Change Proposal Intent will take precedence in the event of any inconsistency. A DCUSA Working Group may develop alternative solutions.</p> <p>The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting) which enacts the intent of the solution. The legal text will be reviewed by the Working Group (if convened) and is likely to be subject to legal review as part of its progress through the DCUSA change process.</p>
5	Proposed Implementation Date	<p>The Change can be implemented in February, June, and November of each year or as an extraordinary release. For Charging Methodology CPs, select an implementation date which takes into consideration the minimum notice periods for publishing tariffs. These are:</p> <ul style="list-style-type: none"> • 15 months, for DNOs acting within their Distribution Services Areas; or • 14 months, for IDNOs and DNOs acting outside their Distribution Services Area. <p>Please select an implementation date that provides sufficient time for the Change to be incorporated into the appropriate charging model and the DCUSA in order to be reflected in future tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases dcusa@electralink.co.uk.</p>
6	Impacts & Other Considerations	<p>Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.</p>
7	Environmental Impact	<p>Indicate whether it is likely that there would be a material impact on greenhouse gas emissions as a result of the proposed variation being made. Please see Ofgem Guidance.</p>
8	Confidentiality	<p>Clearly indicate if any parts of this Change Proposal Form are to remain confidential to DCUSA Panel (and any subsequent DCUSA Working Group) and Ofgem</p>
9	DCUSA General Objectives	<p>Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.</p>
10	Detailed Rationale for DCUSA Objectives	<p>Provide detailed supporting reasons and information (including any initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.</p>

11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.
12	Defining 'Material' for Charging Methodology Changes	In respect of proposals to vary one or more of the Charging Methodologies, such proposals shall be deemed to be "material" if they might reasonably be expected to have a significant impact on the tariffs calculated under one or more of the methodologies.