



## DCUSA Change Report

### DCP 276 – ‘Amendments to CDCM LV Substation Tariff ‘Note 5’

#### Executive Summary

DCP 276 seeks to amend the text of Note 5 to Paragraph 141 of Schedule 16 (the CDCM), to:

1. remove the customer or Supplier evidence terms in Note 5, to better reflect responsibilities for allocation of a customer’s DUoS tariff; and
2. require LV Substation tariff charges to be applied from when a customer became eligible for this tariff, subject to limitations legislation.

This document presents the Change Report for DCP 276 and invites all Parties to vote on the following:

- whether to accept or reject DCP 276, noting whether or not DCP 276 better facilitates the DCUSA Objectives; and
- the implementation date for DCP 276.

The voting deadline for DCP 276 is **12 September 2016**.

## 1 PURPOSE

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- 1.1 This document is issued in accordance with Clause 11.20 of the DCUSA and details DCP 276 – *‘Amendments to CDCM LV Substation Tariff ‘Note 5’*.
- 1.2 The voting process for the proposed variation and the timetable of the progression of the Change Proposal (CP) through the DCUSA Change Control Process is set out in this document.
- 1.3 Parties are invited to consider the proposed amendments (Attachment 2) and submit their votes using the form attached as Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than **12 September 2016**.

## 2 BACKGROUND TO THE DCP 276 CHANGE PROPOSAL

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- 2.1 This change was raised to reflect the outcome of an Ofgem Determination (RBA/TR/A/DET/191), which relates to the application of Low Voltage Substation (LVS) DUoS tariffs and associated transfer arrangements. The Determination acts as Attachment 4.
- 2.2 With effect from 31 December 2013, DCP 174 *‘Qualification and application of LV sub-station tariffs’* modified Schedule 16, Clause 141 note 5 of DCUSA to set out a specific process for transferring customers to the LVS tariff. In the Determination, Ofgem commented that *“This provision places the responsibility for requesting a move to the LVS tariff on to the customer or its Supplier” (para 5.4)*. Once the request to move to this tariff has been received then the DNO would determine the eligibility of the customer for this tariff and *“apply the LVS tariff in the month following its decision on the Customers eligibility” (para 8.3).....“This arrangement means that the timing to move an eligible customer to an LVS tariff could be dependent on the promptness of the DNO’s decision” (para 8.4)*.
- 2.3 This change has been raised in accordance with the observations set out in paragraph 8.5 of the Determination and seeks to ensure that *“the CDCM reflects better the responsibility of the DNO to identify correctly a customer’s tariff and to allow for charges to apply from the time the Customer should be entitled to receive this tariff”*.

## 3 INTENT OF DCP 276 CHANGE PROPOSAL

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- 3.1 DCP 276 has been raised by Southern Electric Power Distribution to amend the text of Note 5 to Paragraph 141 of Schedule 16 (the CDCM), to:

1. remove the customer or supplier evidence terms in Note 5, to better reflect responsibilities for allocation of a customer's DUoS tariff; and
  2. require LV Substation tariff charges to be applied from when a customer became eligible for this tariff, subject to limitations legislation.
- 3.2 This CP has been designated as a Part 2 Matter as this proposal has resulted from an Ofgem determination to clarify application arrangements for the Low Voltage Substation tariff.

#### **4 ANALYSIS AND DEVELOPMENT OF THE DCP 276 CHANGE PROPOSAL**

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- 4.1 The existing text of Note 5 to Paragraph 141 of Schedule 16 (the CDCM) sets out a process under which customers may transfer from a Low Voltage Network (LVN) DUoS tariff to a LVS DUoS tariff. This process is unique to this specific tariff change. Determination RBA/TR/A/DET/191 concluded that the current text of this Note specifies that the new tariff applies on a forward basis, following confirmation of eligibility by the DNO Party, and places no obligation to backdate charges to the date from which a customer met the qualification criteria associated with the tariff.
- 4.2 When proposed, in addition to removing the customer or supplier evidence terms from Note 5, this CP sought to implement text changes which would amend the application arrangements for the LVS tariff and place an additional obligation to backdate the tariff charges, in line with the aspirations set out by the Authority in paragraph 8.5 of the Determination.
- 4.3 Following further review and the advice of the DCUSA Legal Adviser, it was concluded that the additional provisions relating to backdating of charges and associated reference to limitations legislation would not properly belong in a DUoS charging methodology, as these should consider the basis of calculating DUoS charges, rather than extensively detail their application. The DUoS Charging Statements issued by DNO Parties in accordance with Distribution Licence Condition 14 are the more appropriate location for such text.
- 4.4 On this basis, it was decided that the CP would not progress the backdating and limitations elements of the text and the draft legal text for this CP was amended accordingly. The proposing DNO Party will alternatively seek to address deficiencies identified in the clarity of the '*Incorrectly Allocated Charges*' sections of the existing DUoS Charging Statements, in relation to backdating and limitations, through the appropriate governance, outside DCUSA.

- 4.5 It is expected that implementation of this CP, removing the evidence requirements of Note 5, would result in clearer and more consistent LVS DUoS tariff transfer arrangements which would be of benefit to customers.

## 5 PROPOSED LEGAL TEXT

- 5.1 The proposed legal text has been reviewed by the DCUSA Legal Advisor and acts as Attachment 2.

## 6 DCP 276 CONCLUSIONS

- 6.1 The proposer considers that this CP properly reflects the Authority's request in Determination RBA/TR/A/DET/191 that the CDCM be modified to better reflect responsibilities for tariff identification.

## 7 EVALUATION AGAINST THE DCUSA OBJECTIVES

- 7.1 The proposer considers that DCUSA Charging Objective 4 is better facilitated by DCP 276. The reasoning against the objective is set out in the table below:

**DCUSA General Objective Four - 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.**

This proposal better facilitates Charging Objective 4 as it seeks to implement outcomes of Ofgem determination RBA/TR/A/DET/191, in particular paragraph 8.5.

## 8 CONSUMER IMPACT ASSESSMENT

- 8.1 This CP is likely to have a significant impact on the interests of electricity consumers, specifically those consumers who may qualify to transfer from a LVN DUoS tariff to a LVS DUoS tariff. This CP, which results from an Ofgem determination, seeks to clarify the application arrangements for the LVS tariff and these may have a material financial impact on affected consumers.
- 8.2 In general, LVS DUoS charges are materially lower than LVN charges. LVS connections are also subject to significantly lower distribution system losses than LVN connections. However,

the extent of financial benefit to individual customers who transfer from LVN to LVS varies considerably, as this is affected by such site-specific factors as the volume and profile of electricity used and network capacity reservation.

## 9 IMPACT ON GREENHOUSE GAS OMISSIONS

- 9.1 In accordance with DCUSA Clause 11.14.6, the potential for a material impact on greenhouse gas emissions if DCP 276 were implemented was considered but no material impact on greenhouse gas emissions from the implementation of this CP was identified.

## 10 IMPLEMENTATION

- 10.1 Subject to Party approval, DCP 276 will be implemented in the next DCUSA release following Party approval.

## 11 PANEL RECOMMENDATION

- 11.1 The DCUSA Panel approved the DCP 276 Change Report on 17 August 2016. The timetable for the progression of the CP is set out below:

Activity	Date
Change Report approved by DCUSA Panel	17 August 2016
Change Report Issued for Voting	19 August 2016
Party Voting Closes	12 September 2016
Change Declaration Issued	14 September 2016
Implementation <sup>1</sup>	Next DCUSA Release Following Approval

## 12 ATTACHMENTS:

<sup>1</sup> The next DCUSA release is scheduled for the 01 October 2016

- Attachment 1 - DCP 276 Voting Form
- Attachment 2 - DCP 276 Proposed Legal Text
- Attachment 3 - DCP 276 Change Proposal
- Attachment 4 - Determination RBA/TR/A/DET/191