



## **DCUSA CHANGE REPORT**

### **DCP 273 – Align CDCM table 1001 (target revenue) to latest Schedule 15 template**

#### **Executive Summary**

DCP 273 seeks to align table 1001 in the CDCM to the current format of table 1 in Schedule 15.

This document presents the Change Report for DCP 273 and invites DCUSA Parties to vote on the following:

- whether to accept or reject DCP 273, noting whether or not DCP 273 better facilitates the DCUSA Objectives; and
- the implementation date for DCP 273.

The voting deadline for DCP 273 is **14 October 2016**.

## 1 PURPOSE

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- 1.2 This document is issued in accordance with Paragraph 11.20 of the DCUSA, and details DCP 273 - 'Align CDCM table 1001 (target revenue) to latest Schedule 15 template'. 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 amendment (Attachment 2) and submit their votes using the Voting form (Attachment 1) to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **14 October 2016**.

## 2 INTENT OF THE DCP 273 CHANGE PROPOSAL

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- 2.2 DCP 273 (Attachment 3) was raised as a Part 2 Matter by Northern Powergrid to align table 1001 in the Common Distribution Charging Methodology(CDCM)to the current format of table 1 in Schedule 15 (updated by DCP249 - [Changes to Schedule 15 spreadsheets to reflect RIIO ED1](#)).
- 2.3 As specified in Schedule 16 clause 54, the forecast of allowed revenue should be prepared in a format consistent with table 1 of Schedule 15, where presently it is not. Table 1001 (CDCM target revenue) therefore needs to be updated in line with the Schedule 15 table 1 format, to ensure revenue allowances within the CDCM are aligned to the RIIO-ED1 Distribution Licence such as the Time to Connect Incentive for example, where table 1001 is presently aligned to DPCR5 revenue allowances (which also contains some redundant items such as the tax trigger mechanism and distributed generation incentive). It was previously assumed that DCP 241 'Provision of a Single Charging and Cost Information Model' would update the table 1001 format, but it has since been withdrawn.
- 2.4 The DCUSA Panel directed that this change be designated as a Part 2 Matter on the basis that the CP seeks to change the format of the input table only to ensure consistency with table 1 of Schedule 15, and therefore does not impact tariffs.
- 2.5 The DCUSA Panel recommended that a DCP 273 Working Group be set up to put together the modelling specification request and test the updated model once updated by the DCUSA Modelling Consultant to ensure that the tariffs are the same as the

current CDCM model.

### **3 DCP 273 WORKING GROUP**

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- 3.2 The DCUSA Panel established a Working Group to assess DCP 273. The group is comprised of Distributors, a Supplier and an Ofgem representative. It is noted that all DCUSA Parties were invited to attend. Meetings were held in open session and the minutes and papers of each meeting are available on the DCUSA website – [www.dcusa.co.uk](http://www.dcusa.co.uk).
- 3.3 The Working Group agreed to develop a modelling request stipulating the changes required to the CDCM model. It was noted that the model should be exclusive of the DCP 161<sup>1</sup> modelling change. The Working Group agreed that once updated the model should be tested by all six Distribution Network Operators (DNOs) to check if it is still fit for purpose and that the figures are still accurate considering the 2017/2018 prices. The changes made should be in line with the proposed solution.
- 3.4 The Working Group agreed not to consult on DCP 273 as it is a straightforward change, only changing the format of the input table to ensure consistency with table 1 of Schedule 15.
- 3.5 It was highlighted that although the proposed implementation date for DCP 273 is 1 April 2018, the updated CDCM model should be available by the end of November 2016 as DNO tariffs are published in December 2016 for year 2018/19 tariffs.

### **4 DCP 273 MODELLING DOCUMENTATION**

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- 4.2 The Working Group updated the CDCM model and Annual Review Pack (ARP) to reflect the proposed solution. The updated model is provided as Attachment 4 along with a description of the changes made. The updated ARP is provided as Attachment 5 along with a description of the changes made.
- 4.3 All DNO Parties tested the updated model and confirmed they are comfortable with the outputs of the model following the updates to CDCM table 1001. It was identified as part of the review that some of the title descriptions would be best aligned to the ED1

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<sup>1</sup> DCP 261 - Excess Capacity Charges

licence and as such this was requested from the Modelling Consultant and has been checked and verified. Following the changes all tariffs were the same as the previous CDCM model.

- 4.4 The ARP was also checked and verified to ensure that the changes made reflect table 1 of Schedule 15.
- 4.5 The proposed change will mean that the CDCM model and the Annual Review Pack (ARP) will be updated to align with table 1 of Schedule 15.

## 5 DCP 273 - LEGAL DRAFTING

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- 5.2 The proposed legal text has been considered by the DCP 273 Working Group and reviewed by the DCUSA legal advisor and acts as Attachment 2.
- 5.3 The legal text amends paragraph 3 of Schedule 16 and paragraph 1.1 of Schedule 20 by changing the version number of the CDCM model and the ARP.

## 6 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

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- 6.2 The Working Group considers that the following DCUSA Charging Objective is better facilitated by DCP 273:
  - **Charging Objective One - 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**
- 6.3 Charging Objective One is better facilitated by DCP 273 as this CP ensures that table 1001 in the CDCM model and Schedule 15 table 1 in the ARP model is updated to reflect changes to Schedule 15 and therefore the RIIO-ED1 Distribution Licence.
- 6.4 The Working Group reviewed the rest of the Charging Objectives and believe that there is no impact on them.

## 7 ENVIRONMENTAL IMPACT

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- 7.2 In accordance with DCUSA Clause 11.14.6, the Working Group assessed whether there would be a material impact on greenhouse gas emissions if DCP 273 were implemented. The Working Group did not identify any material impact on greenhouse gas emissions

from the implementation of this Change Proposal.

## 8 CONSUMER IMPACTS

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- 8.2 The Working Group did not identify any material impact on consumers from the implementation of this CP by confirming that the changes to the CDCM model do not affect tariff prices.

## 9 IMPLEMENTATION

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- 9.2 Subject to Party approval, the DCP 273 change will be implemented on 1 April 2018.

## 10 PANEL RECOMMENDATION

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- 10.2 The Panel approved this Change Report at its meeting on **21 September 2016**. The Panel considered that a sufficient level of analysis had been carried out to enable Parties to understand the impact of the proposed amendment and to vote on DCP 273.

- 10.3 The timetable for the progression of the CP is as follows:

Activity	Date
Change Report approved by DCUSA Panel	21 September 2016
Change Report Issued for Voting	23 September 2016
Party Voting Closes	14 October 2016
Change Declaration Issued	18 October 2016
Implementation	1 April 2018

## 11 NEXT STEPS

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- 11.2 Parties are invited to consider the proposed amendment (Attachment 2) and submit their votes using the Voting form (Attachment 1) to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) by **14 October 2016**.
- 11.3 If you have any questions about this paper or the DCUSA Change Process, please contact the DCUSA by email to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) or telephone 020 7432 3008.

## ATTACHMENTS

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- Attachment 1 – DCP 273 Voting Form
- Attachment 2 – DCP 273 Draft Legal Text
- Attachment 3 – DCP 273 Change Proposal Form
- Attachment 4 – Updated CDCM Model
- Attachment 5 – Updated Annual Review Pack