# DCP 273 ARP model

1. 13 September 2016, Reckon LLP
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   2. This document describes an ARP template developed for the DCP 273 working group. The reference version is the ARP template that we sent to the DCUSA Panel in November 2015, in which the last implemented DCP was DCP 227.

## Structural changes

* 1. There are no structural changes.

## Additional or modified input data

* 1. The structure of the table in sheet “Table 1” has changed. The new structure is consistent with table 1 of Schedule 15 of DCUSA.
  2. The contents of the new table 1 are described below.

Table 1 Contents of the new table 1

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenue elements** | **Licence term** | **Charge restriction condition (CRC)** | **Input data or calculation** |
| Base Demand Revenue Before Inflation (A1) | PU | CRC2A | Input |
| Annual Iteration adjustment before inflation (A2) | MOD | CRC2A | Input |
| RPI True-up before inflation (A3) | TRU | CRC2A | Input |
| Price index adjustment (RPI index) (A4) | RPIF | CRC2A | Input for year t-2, calculated for the others |
| **Base Demand Revenue (A):**  **[A = (A1 + A2 + A3) \* A4]** | **BR** | **CRC2A** | **Calculated** |
| Pass-Through Licence Fees (B1) | LF | CRC2B | Input |
| Pass-Through Business Rates (B2) | RB | CRC2B | Input |
| Pass-Through Transmission Connection Point Charges (B3) | TB | CRC2B | Input |
| Pass-through Smart Meter Communication Licence Costs (B4) | SMC | CRC2B | Input |
| Pass-through Smart Meter IT Costs (B5) | SMIT | CRC2B | Input |
| Pass-through Ring Fence Costs (B6) | RF | CRC2B | Input |
| Pass-Through Others (B7) | HB, SEC, UNC | CRC2B | Input |
| **Allowed Pass-Through Items (B):**  **[B = B1 + B2 + B3 +B4 + B5 + B6 + B7]** | **PT** | **CRC2B** | **Calculated** |
| Broad Measure of Customer Service incentive (C1) | BM | CRC2C | Input |
| Quality of Service incentive (C2) | IQ | CRC2D | Input |
| Connections Engagement incentive (C3) | ICE | CRC2E | Input |
| Time to Connect incentive (C4) | TTC | CRC2F | Input |
| Losses Discretionary Reward incentive (C5) | LDR | CRC2G | Input |
| Network Innovation Allowance (C6) | IFI / NIA | CRC2H | Input |
| Low Carbon Network Fund - Tier 1 unrecoverable (C7) | LCN1 | CRC2J | Input |
| Low Carbon Network Fund - Tier 2 & Discretionary Funding (C7) | LCN2 | CRC2J | Input |
| Connection Guaranteed Standards Systems & Processes penalty (C8) | AUM, CGSRA | CRC2K-L | Input |
| Residual Losses and Growth Incentive - Losses (C9) | PPL | CRC2M | Input |
| Residual Losses and Growth Incentive - Growth (C9) | GTA | CRC2M | Input |
| **Incentive Revenue and Other Adjustments (C):**  **[C = C1 + C2 + C3 + C4 + C5 + C6 + C7 + C8 + C9]** |  |  | **Calculated** |
| Correction Factor (D) | -K | CRC2A | Input |
| **Total allowed Revenue (E):**  **[E = A + B + C + D]** | **AR** | **CRC2A** | **Calculated** |
| Other 1. Excluded services - Top-up, standby, and enhanced system security (F1) (see note 1) | DRS4 | CRC5C | Input |
| Other 2. Excluded services - Revenue protection services (F2) (see note 1) | DRS5 | CRC5C | Input |
| Other 3. Excluded services - Miscellaneous (F3) (see note 1) | DRS9 | CRC5C | Input |
| Other 4. - blank or if required please provide description (F4) |  |  | Input |
| Other 5. - blank or if required please provide description (F5) |  |  | Input |
| **Total Other Revenue to be recovered by Use of System Charges (F):**  **[F = F1 + F2 + F3 + F4 +F5]** |  |  | **Calculated** |
| **Total Revenue for Use of System Charges (G):**  **[G=E + F]** |  |  | **Calculated** |
| 1. Revenue raised outside CDCM - EDCM and Certain Interconnector Revenue (H1) |  |  | Input |
| 2. Revenue raised outside CDCM - Voluntary under-recovery (H2) |  |  | Input |
| *3. Revenue raised outside CDCM - blank or if required please provide description (H3)* |  |  | Input |
| *4. Revenue raised outside CDCM - blank or if required please provide description (H4)* |  |  | Input |
| **Total Revenue to be raised outside the CDCM (H): [H = H1 + H2 + H3 + H4]** |  |  | **Calculated** |
| **Latest forecast of CDCM Revenue (I):**  **[I = G - H]** |  |  | **Calculated** |
| **CDCM Revenue Used in Charging Model**  **[Equal to I]** |  |  | **Calculated** |
| Final Collected Revenue Forecast (J) |  |  | Input |
| **Forecast Over / (Under) Recovery:**  **[being (J – F – E + H2]** |  |  | **Calculated** |
| **Forecast overall percentage change to Allowed Revenue (K)** |  |  | **Calculated** |
| **Overall % change to Use of System Charges effective 1st April of Regulatory Year to balance (L)** |  |  | **Calculated** |

## Additional or modified outputs

* 1. There are no changes to output tables.

## Changes to intermediate sheets

* 1. The formulas in Table 1076 of sheets “(Y)”, “(Y+1)”, “(Y+2)”, “(Y+3)”, “(Y+4)” have changed to reflect changes to sheet “Table 1”.

## Modifications to the embedded CDCM model

* 1. There are no changes to the embedded CDCM model, which is on the “CDCM” sheet.

## Additional or modified VBA macros

* 1. There are no changes to VBA macros.