

**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.**

# **PURPOSE**

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## 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.

## 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 by **14 October 2016**.

# **Intent OF THE dcp 273 Change Proposal**

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## DCP 273 was raised as a Part 2 Matter by Northern Powergrid to align table 1001 in the CDCM to the current format of table 1 in Schedule 15.

## As specified in Schedule 15 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 revised Schedule 15 table 1 format, to ensure revenue allowances within the CDCM are aligned to the RIIO-ED1 Distribution Licence. 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‘Provision of a Single Charging and Cost Information Model' would update the table 1001 format, but it has since been withdrawn

## Failing to update this would contradict Schedule 15 clause 54, and would not facilitate DNOs entering revenue allowances pertaining to new items in RIIO-ED1 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).

## 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.

## 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.

# **DCP 273 WORKING GROUP**

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## The DCUSA Panel established a Working Group to assess DCP 273. The group is comprised of Distributor, 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).

## 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[[1]](#footnote-1) modelling change. The group agreed that once updated the model should be tested by all six 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.

## 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.

## 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 on November 2016 as DNO tariffs are published in December 2016.

# **DCP 273 MODELLING DOCUMENTATION**

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## The Working Group updated the CDCM model to reflect the proposed solution. The updated model is provided as Attachment 4 along with a description of the changes made.

## All DNO Parties tested the updated model and confirmed they are comfortable with the updated CDCM table 1001.

## 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.

# **DCP 273 - LEGAL DRAFTING**

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## 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.

## 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.

# **ASSESSMENT AGAINST THE DCUSA OBJECTIVES**

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## The Working Group considers that the following DCUSA Objectives are better facilitated by DCP 273:

* **General Objective Four - The promotion of efficiency in the implementation and administration of this Agreement**

## DCP 273 meets General Objective four by ensuring that table 1001 in the CDCM model is updated to reflect changes to Schedule 15 and therefore the RIIO-ED1 Distribution Licence.

* **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**

## Charging Objective One is better facilitated by DCP 273 as this CP ensures that table 1001 in the CDCM model is updated to reflect changes to Schedule 15 and therefore the RIIO-ED1 Distribution Licence.

* **Charging 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**

## DCP 273 facilitates Charging Objective 4 by ensuring the CDCM model is kept up to date with modifications to the Distribution Licence due to the RIIO-ED1 settlement.

# **ENVIRONMENTAL IMPACT**

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## In accordance with DCUSA Clause 11.14.6, the proposer assessed whether there would be a material impact on greenhouse gas emissions if DCP 273 were implemented.  The proposer did not identify any material impact on greenhouse gas emissions from the implementation of this Change Proposal.

# **CONSUMER IMPACTS**

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## The Working Group did not identify any material impact on consumers from the implementation of this CP.

# **implementation**

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

# **panel recommendation**

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## 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.

## The timetable for the progression of the CP is as follows:

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| **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 |

# **next steps**

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## Parties are invited to consider the proposed amendment (Attachment 1) and submit their votes using the Voting form (Attachment 2) to dcusa@electralink.co.uk by **14 October 2016**.

## 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

1. DCP 261 - Excess Capacity Charges [↑](#footnote-ref-1)