

## DCUSA Change Proposal Form

This form is issued in accordance with Clause 10.5 of the DCUSA.

Completed forms should be returned to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) for assessment by the DCUSA Panel. Failure to complete all parts of the form may result in it being rejected by the DCUSA Panel.

PART A – Mandatory for all Change Proposals

PART B – Mandatory for Non Charging Methodologies Proposals

PART C – Mandatory for Charging Methodologies Proposals

PART D – Guidance Notes

### PART A - MANDATORY FOR ALL CHANGE PROPOSALS

Document Control	
CP Status	Standard
CP Number	DCP 252
Date of submission	15 October 2015
Attachments	Annex 1
Originator Details	
Company Name	The Electricity Network Company LTD
Originator Name	Mike Harding
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	mike.harding@bu-uk.co.uk
Phone Number	07920 238095
Change Proposal Details	
CP Title	Clarification And Extension Of The Application Of Portfolio Tariffs Under The EDCM
Impacted parties	DNOs, IDNOs, other parties that are or would be eligible for LDNO tariffs
Impacted Clause(s)	Schedules 17 and 18
Part 1 / Part 2 Matter	Part 1
Provide your rationale why you consider this change is a Part 1 or Part 2 Matter	Any change to the DNO charging methodologies requires Ofgem's approval according to the distribution licence.
Related Change Proposals	None
Change Proposal Intent	
<p>This change proposal seeks to address one of three issues brought to the DCMF MIG (along with a draft proposal for all three). The other issues raised will be covered in separate change proposals.</p> <p>The intent of this change proposal is to ensure that an issue raised by a non-DCUSA Party can be addressed through the formal DCUSA governance process.</p> <p>More specifically, the intent of this proposal is to:</p> <ol style="list-style-type: none"><li>1. Correct drafting errors and inconsistencies in the specification of the distribution systems that are eligible for Portfolio tariffs under the EDCM (schedules 17 and 18).</li><li>2. Establish arrangements that ensure that methodologies in schedules 17 and 18 do not impose undue discrimination between licensed and licence exempt distribution systems.</li></ol>	

### **Business Justification and Market Benefits**

This change proposal addresses the following defects in the EDCM (schedules 17 and 18):

1. As currently drafted the EDCM uses a variety of terms (for example "LDNO", "IDNO Party", "Distribution Systems", "distribution systems", "IDNO Party's network", "Embedded IDNO Party's distribution system", "Embedded IDNO Party's network") to try and describe the networks of a third party that connect to a DNO Party's Distribution System. This inconsistency at best is confusing, at worst it distorts who is, and who is not eligible, to connect to A DNO's system and be charged on a Portfolio tariff.
2. Under the current drafting a DNO Party who operates outside their Distribution Services Area, and who connects to a DNO network at An EDCM voltage, is not eligible to be charged on Portfolio Tariff arrangements. Further, where the incumbent DNO Party does so it is (probably unintentionally) in breach of the methodology as published in the schedules.
3. Currently, licence exempt distributors are not eligible for Portfolio tariffs. Whilst paragraph 28 in both schedule 17 and in schedule 18 states that licence exempt distributors can be charged in the same way as IDNPO party's. This is only applicable where they are party to DCUSA. The DCUSA framework does not allow licence exempt distributors to become Party's to the agreement.
  - Clause 15 sets out the definition of User and Company: both exclude licence exempt distributors
  - Under Clause 4 of the DCUSA an applicant may not be admitted if it has no reasonable prospect of satisfying the conditions precedent in Clause 16 of DCUSA. (Clause 4.2.3 only applies in respect of OTSO Parties, DNO Parties or IDNO Parties, therefore the conditions precedent in clause 37 do not apply to licence exempt distributors).
  - One of these conditions precedent is to hold a distribution licence
  - Further, even if Clause 37 did apply, it is still a condition precedent, inter alia, to hold a Distribution Licence.

### **Proposed Solution and Draft Legal Text**

See attached document provided with this DCP

### **Proposed Implementation Date**

Next DCUSA release following approval.

### **Impact on Other Codes**

Please tick the relevant boxes and provide any supporting information.

BSC	<input type="checkbox"/>
CUSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
MRA	<input type="checkbox"/>
SEC	<input type="checkbox"/>
Other	<input type="checkbox"/>

None <input checked="" type="checkbox"/> If other please specify
<b>Consideration of Wider Industry Impacts</b>
None identified
<b>Environmental Impact</b>
None identified
<b>Confidentiality</b>
None

**PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS**

<b>DCUSA Objectives</b>
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes. [See Guidance Note 9]</p> <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</p> <p><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</p> <p><input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><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.</p>
<b>Detailed rationale for better facilitation of the DCUSA Objectives identified above</b>
[See Guidance Note 10]

## PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

### DCUSA Charging Objectives

Please tick the relevant boxes. [See Guidance Note 11]

#### Charging Objectives:

- ☒ 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
- ☒ 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)
- ☐ 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
- ☐ 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
- ☐ 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.

#### General Objectives:

- ☐ 1 The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks
- ☒ 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
- ☒ 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences
- ☒ 4 The promotion of efficiency in the implementation and administration of this Agreement
- ☐ 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.

### Detailed rationale for better facilitation of the DCUSA Objectives identified above

[See Guidance Note 10]

#### Charging Objectives:

1: Correcting errors in the methodology statement facilitates compliance.

2: Distortions to competition are reduced by removing undue discrimination between licensed and licence-exempt distributors, and by removing the irrational treatment of indirect costs that has been introduced by the DCP 185 legal text in cases where the fixed adder is negative.

General Objectives:

2: Distortions to competition are reduced by removing undue discrimination between licensed and licence-exempt distributors, and by removing the irrational treatment of indirect costs that has been introduced by the DCP 185 legal text in cases where the fixed adder is negative.

3 and 4: Correcting errors in the methodology statement facilitates compliance and administration.

**Has this issue been discussed at any other industry forums? If so please specify and provide supporting documentation**

Issue first raised at a MIG meeting on 11 September 2014. Draft DCP discussed at a MIG meeting on 2 October 2014.

Following that meeting, the issue originator sought to understand how the legal provisions are supposed to work in the case of licence-exempt distribution networks which have opted for "full settlement" metering and are purchasing a meter point registration service from a licensed distributor. He failed: it seems to be that DCUSA does not cover these points. For example, the scope of section 2B seems to be limited to licensed embedded networks. But there is no need to DCUSA to cover everything, as there does not seem to be any absolute barrier to using site-specific bilateral agreements from providing the necessary framework, outside DCUSA.

This leaves the question of charges. This has to involve DCUSA but only because the charging methodologies, even though they are not part of the DCUSA contractual structure, are subject to DCUSA governance. The issue originator brought the issue back to the November 2014 MIG meeting, with a submission that it is a legitimate charging methodology issue, and the suggested solution would better meet the DCUSA charging objectives by removing undue discrimination between licensed and licence-exempt distributors, and by improving clarity/correctness of the methodology statement.

**PART D – GUIDANCE NOTES FOR COMPLETING THE FORM**

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. [www.dcusa.co.uk](http://www.dcusa.co.uk)

Ref	Data Field	Guidance
1	<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	<b>Part 1 / Part 2 Matter</b>	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.
3	<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.

<b>4</b>	<b>Proposed Solution and Draft Legal Text</b>	<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>
<b>5</b>	<b>Proposed Implementation Date</b>	<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 in to consideration the deadlines for publishing indicative tariffs.</p> <ul style="list-style-type: none"> <li>• Submission of Company indicative tariffs is 31 December of each year.</li> <li>• Final tariffs are published on 1 April of each year.</li> </ul> <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 within the December indicative tariffs.</p> <p>Contact the DCUSA helpdesk for any further information on the releases <a href="mailto:dcusa@electralink.co.uk">dcusa@electralink.co.uk</a>.</p>
<b>6</b>	<b>Consideration of Wider Industry Impacts</b>	<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>
<b>7</b>	<b>Environmental Impact</b>	<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 <a href="#">Ofgem Guidance</a>.</p>
<b>8</b>	<b>Confidentiality</b>	<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>
<b>9</b>	<b>DCUSA General Objectives</b>	<p>Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.</p>
<b>10</b>	<b>Detailed Rationale for DCUSA Objectives</b>	<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</p>

		DCUSA Objectives identified.
<b>11</b>	<b>DCUSA Charging Objectives</b>	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.