



DCUSA CONSULTATION

DCP 249- Changes to Schedule 15 spreadsheets
to reflect RIIO ED1

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators. Parties to the DCUSA can raise Change Proposals (CPs) to amend the Agreement with the consent of other Parties and (where applicable) the Authority.
- 1.2 This document is a Consultation issued to DNO, IDNO, Suppliers, any other interested Parties and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 249 'Changes to Schedule 15 spreadsheets to reflect RIIO ED1'. Parties are invited to consider the questions set out below and submit comments using the form attached as Attachment 1 to dcusa@electralink.co.uk by **4 December 2015**.

2 BACKGROUND OF DCP 249

- 2.1 DCP 249 was raised by Northern Powergrid and seeks to replace tables 1 & 2 in Schedule 15, which are used for the quarterly Schedule 15 updates. The tables have been updated to reflect changes to the Distribution Licence as a result of RIIO ED1.
- 2.2 It was highlighted that the spreadsheet in Excel and the extract in Word provided with the Change Proposal (Attachment 5) now reflect the new definitions in the Licence, and both have undergone review by interested parties, but would benefit from a Working Group Review.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel established a Working Group to assess DCP 249. The group is comprised of Distributor, Supplier and Ofgem representatives. 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.
- 3.2 The Working Group proposes that Tables 1, 2 and 3 of the template should be revised to reflect changes to the Distribution Licence as a result of RIIO ED1(Attachment 2). The Group notes that changes to Table 1 would result in changes to the CDCM model format, even though this has no impact on tariffs.

- 3.3 A new version of Table 2 has been provided, this is a simple update provided by Northern Powergrid. This version maintains the original template structure but updates the items that are included in the derivation of final allowed revenues.
- 3.4 A member of the working group proposed changes to Table 2 and an example was provided which seeks to emulate Table 6 of the (Gas Distribution Network Operator) GDNO template. During the discussions on the changes it was confirmed that the licence modification term (MODt) generated by the Price Control Financial Model (PCFM) will be provided as a single value, and would require further manual processes to be adopted by DNOS to deliver such a breakdown. Whilst the working group believe that it is possible to obtain the breakdown, it may not be a straight forward task. As DNOs are expecting Ofgem to provide a single value for the MOD term it would require several processing iterations of the PCFM to provide the breakdown set out in the new table. Due to the significant changes required to replace the current Table 2 the group agreed to consult on the option to include this as an additional table (which would become Table 4).
- 3.5 Table 3 requires only minor changes to say t+2 rather t+1 as currently drafted, as a result of DCP 178 and DNOs now providing 15 months' notice of charges.
- 3.6 Working group members, rationale for the new Table 4. The Group notes the proposed table could be beneficial as it provides a reasonable estimate for the impact that each item has on the MODt value. However, It was noted that In order for a DNO to estimate the single MODt assumption for Table 1 of the forecast, it must take a view on the impact of the various totex incentives, uncertainty mechanism adjustments, financial adjustments etc. that make up the value.
- 3.7 Table 4 is seeking to provide transparency of what has been included in that value, with an estimated breakdown. It was observed that without such transparency parties have no way of knowing what items the MODt term takes account of, and what items it doesn't, for each DNO. Looking at the uncertainty mechanisms alone, there are 15 in RIIO ED1 – the working group member felt that it is important for suppliers to know whether a DNO is including anything for these uncertainty adjustments or not in their MODt forecast figure. Some working group members were unclear as to the real benefits of this level of detail and raised concerns regarding providing these values on a quarterly basis.

- 3.8 Parties are asked to review this requirement and provide views as to the efficiency of gathering this information on a quarterly basis. The proposed Table 4 is provided as Attachment 3.
- 3.9 It was agreed that there is a need to update Tables 1, 2 & 3. Table 4 could be included if there was sufficient support from the parties that use the information and the benefits were considered to outweigh any additional data gathering requirements.
- 3.10 It is highlighted that the revised template will not be in place by November 2015 in time for the publication of the DNO quarterly charges, and that the old templates will not be relevant for the publication of DNO charges in November 2015. The group considered whether DNOs could be granted a derogation by either the DCUSA panel or Ofgem from the requirements to publish charges on the old templates as the updated templates would not be finalised by November 2015.
- 3.11 It was agreed that in order to comply with the legal text the original template would be issued, alongside the revised version for the November 2015 publication only.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The proposer believes that the CP meets the DCUSA General Objective 4 in ensuring the DCUSA is updated to reflect changes to the DNO licence.

5 DCP 249 – LEGAL DRAFTING

- 5.1 The Working Group agreed to consult on the revised template.
- 5.2 There is no change to the legal text to change Tables 1, 2 & 3 as this is simply replacing the spreadsheet with an updated version. However if there is support for Table 4 the new legal text has been drafted and is attached as Attachment 4.
- 5.3 Following a review of the Consultation responses, the Working Group will update and finalise the legal text.

6 DCP 249 – IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 249 is 25 February 2016 to allow the revised template to be utilised for the first quarterly update for 2016.

7 DCP 249 – CONSULTATION QUESTIONS

- 7.1 The Working Group is seeking industry views on the following consultation questions:

Question Number	Question
1	Do you understand the intent of the CP?
2	Are you supportive of the principles of the CP?
3	Is range in Table 1 t-1 to t+4 still appropriate?
4	Is there still a need to keep Table 2 in this template?
5	Is there still a need to keep Table 3 in this template?
6	Is there sufficient benefit of the new Table 4 to include the additional breakdown? Please provide your rationale.
7	Do you agree with the proposed legal text for Table 4?
8	Are you supportive of the proposed implementation date 25 February 2016?
9	Do you consider that the proposal better facilitates the DCUSA Charging and General Objectives? Please give supporting reasons.
10	Is there anything further which has not been identified which you feel should be included?
11	Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

7.2 Responses should be submitted using Attachment 1 to dcusa@electralink.co.uk no later than **4 December 2015**.

7.3 Responses, or any part thereof, can be provided in confidence. Parties are asked to clearly indicate any parts of a response that are to be treated confidentially.

8 NEXT STEPS

8.1 Responses to the Consultation will be reviewed by the DCP 249 Working Group. The Working Group will then determine the progression route for the CP.

8.2 If you have any questions about this paper or the DCUSA Change Process please contact the DCUSA helpdesk by email to dcusa@electralink.co.uk or telephone 020 7432 2842.

9 ATTACHMENTS

Attachment 1 – Response Form

Attachment 2 – Updated Table 1, 2 & 3 - Schedule 15 spreadsheets to reflect RIIO ED1

Attachment 3 – Proposed Table 4

Attachment 4 – Table 4 Legal Text

Attachment 5– DCP 249 Change Proposal