



## **DCUSA CONSULTATION**

DCP 241 - Provision of a Single Charging and  
Cost Information Model

## 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 241 'Provision of a Single Charging and Cost Information Model'. 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](mailto:dcusa@electralink.co.uk) by **DATE** 2015.

## 2 BACKGROUND OF DCP 241

- 2.1 DCP 241 has been raised by Electricity North West and seeks to merge the Common Distribution Charging Methodology (CDCM) (Schedule 16), cost information table (Schedule 15) and the Annual Review Pack (ARP) (Schedule 20) into a single model to allow DNOs to use this model for setting charges and to provide quarterly updates of the allowed revenue and tariffs to stakeholders.
- 2.2 DNOs currently publish 2 models when setting charges. The first is the CDCM which is the model used to set Distribution Use of System (DUoS) charges for a one year period. The second is the ARP which contains the CDCM model and is used to provide illustrative tariffs for a 5 year period. The ARP also contains additional useful information such as the timebands used for pricing and a copy of the cost information table that DNOs publish each quarter.
- 2.3 The Proposer explains that the change proposes to remove the obligation on DNOs to publish the CDCM model in Schedule 16, the quarterly cost information table as set in Schedule 15 and the forecast of future charges as part of the ARP in Schedule 20. At the current time it is considered that one approach could be to utilise an updated version of the existing ARP which would become the model used by DNOs to set charges and

contain the final prices that would apply for the upcoming year and the following year (on the implementation of DCP 178<sup>1</sup>).

- 2.4 It is highlighted that this version of the ARP would also contain illustrative charges for a further 3 years and be issued each quarter with an updated breakdown of the allowed revenue and the illustrative tariffs that result. The ARP will also incorporate any approved changes to the methodology in subsequent years, so that the tariffs reflect the methodology that will be used to set charges in the relevant charging year. The model should also continue to hold historical data.

**Comment [FM1]:** Add text on the 15 month notice period

### 3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel established a Working Group to assess DCP 241. The group is comprised of Supplier, Distributor 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](http://www.dcusa.co.uk).

- 3.2 The Working Group proposes that a single model is made available which will cover what is currently provided by the Common Distribution Charging Methodology (CDCM) as covered by Schedule 16 of DCUSA, Annual Review Park (ARP) as covered by Schedule 20 of DCUSA and the Cost Information Tables as covered by Schedule 15 of DCUSA.

- 3.3 This single model would be able to incorporate multiple different Charging Methodologies, for where different arrangements apply for different charging years, which in the example below could take effect from any charging year, up to and including 'Year 3'. For example if this change was to be in place for charge setting in December 2015 then it would show;

**Comment [FM2]:** Clarify the calculation of yearly charges and how this is viewed by parties

- 2016/17 charges as 'Year 1' (which would be final)
- 2017/18 charges as 'Year 2' (which would also be final and fifteen months' notice given)
- 2018/19 charges as 'Year 3' (these would be illustrative only)
- 2019/20 charges as 'Year 4' (these would be illustrative only)
- 2020/21 charges as 'Year 5' (these would be illustrative only)

<sup>1</sup> Notification Period for Change to Use of System Charges

- 3.4 The format of this revised model would be based upon the EDCM model(s) which have been developed by DCP 216<sup>2</sup>.

**Comment [FM3]:** Add attachment of model

- 3.5 The Working Group believes that the change to a single cost information model should have no impact upon the EDCM and should not change the calculation of CDCM charges in any way. It was highlighted that this change should not reduce the provision of data currently provided, although this should also reference information which is presented as part of the LC14 Charging Statement.

- 3.6 The Working Group feel that instead of moving large volumes of the legal text from the three existing schedules (15, 16 and 20) into a new schedule, it would propose to leave the existing text as currently located but place additional references in schedules 15 and 20 to refer to schedule 16, where some new text will be included to reference all existing requirements.

**Comment [FM4]:** Ask questions on the legal text, this should reflect what parties want  
Question on publishing EDCM charges as part of this new model

#### 4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group reviewed the CP against the DCUSA Objectives and agree that DCP 241 better facilitates DCUSA general Objectives 2<sup>3</sup>, 3<sup>4</sup> and 4<sup>5</sup> and charging objectives 1<sup>6</sup> and 2<sup>7</sup> as it consolidates the information provided to stakeholders into one model which is published on a regular basis. This ~~has the potential to~~ improve the efficiency of DNOs who will only need to populate and maintain one model. It will also aid transparency by making it easier for stakeholders to view the data as there will only be one source of tariffs. The change proposal ~~also has the potential to~~ aid the open governance process as only one model will need to be updated when changes to the DCUSA are proposed.

**Deleted:** will

**Deleted:** will

<sup>2</sup> Amending the EDCM model format

<sup>3</sup> 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

<sup>4</sup> The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences

<sup>5</sup> The promotion of efficiency in the implementation and administration of this Agreement

<sup>6</sup> 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

<sup>7</sup> 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)

## 5 DCP 241 – LEGAL DRAFTING

- 5.1 Following a review of the Consultation responses, the Working Group will work to agree which option to progress as the solution for DCP 241. Following this process, the group will draft and develop the legal text which will be consulted upon with DCUSA Parties after its completion.

## 6 DCP 241 – IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 241 is 1 April 2018.

## 7 DCP 241 – CONSULTATION QUESTIONS

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

**Comment [FM5]:** May need to add a question to address the current obligations of schedule 15, Find out what parties want the model to be.

| Question Number | Question  |
|-----------------|---|
| 1               | Do you understand the intent of the CP?   |
| 2               | Are you supportive of the principles of the CP?   |
| 3               | Do you support in principle the proposal to publish a single model to replace the CDCM, ARP and Schedule 15 Tariffs?  |
| 4               | Do you agree with the proposals from the WG of what will be included in the single LV/HV Model?   |
| 5               | Is there anything further which has not been identified which you feel should be included?  |
| 6               | Do you agree with the view of the WG to not make wholesale changes to the existing legal text but to instead add references to schedules 15 and 20 to refer to <b>schedule 16</b> ? |
| 7               | Are you supportive of the proposed implementation date 1 April 2018?  |
| 8               | Do you consider that the proposal better facilitates the DCUSA Charging and General Objectives? Please give supporting reasons.   |
| 9               | Are you aware of any wider industry developments that may impact upon or be impacted by this CP?  |

**Comment [FM6]:** Revise text on this – Section 5 legal text

7.2 Responses should be submitted using Attachment 1 to [dcusa@electralink.co.uk](mailto:dcusa@electralink.co.uk) no later than **DATE**

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 241 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](mailto:dcusa@electralink.co.uk) or telephone 020 7432 2842.

## **9 ATTACHMENTS**

Attachment 1 – Response Form

Attachment 2 – DCP 241 Change Proposal