



DCUSA Consultation

DCP 240 – Nominated Calculation Agent To Calculate the LV Mains Split

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors, 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 all DCUSA Parties, interested third parties, and the Authority in accordance with Clause 11.14 of the DCUSA seeking industry views on DCP 240 *'Nominated Calculation Agent to calculate the LV Mains Split'*.
- 1.3 Parties are invited to consider the proposed legal drafting set out in Attachment 2 to this document and submit comments using the response form provided as Attachment 1 to DCUSA@electralink.co.uk by **Friday, 12 June 2015**.

2 DCP 240 'NOMINATED CALCULATION AGENT TO CALCULATE THE LV MAINS SPLIT'

- 2.1 DCP 240 has been raised by SSE to revise the calculation of LV mains split percentage as defined in Schedule 16 Clause 114 of DCUSA and used in the PCDM and Extended PCDM to be conducted by the Nominated Calculation Agent.
- 2.2 DCUSA Schedule 16 Clause 116 stipulates that the HV split data is collated and issued by the Nominated Calculation Agent, who collects the data from both DNOs and IDNOs. This proposal recommends that the same approach be applied to calculate the LV mains split, which will be reflected in Schedule 16 Clause 114.

3 WORKING GROUP ASSESSMENT

- 3.1 The DCUSA Panel has established a DCP 240 Working Group which consists of DNO, IDNO and Ofgem representatives.
- 3.2 The Working Group considered that the current obligation in DCUSA Schedule 16 Clause 114 stipulates that the DNO is responsible for calculating the LV mains split which LV-connected embedded networks are deemed to use. The Working Group agree that it is not always transparent to DNOs the total length of LV mains or the number of end users that are adopted within the LV-connected licensed embedded networks.
- 3.3 The purpose of the Nominated Calculation Agent would be to collate the necessary data for the Nominated Calculation Agent to calculate the “LV mains split” which LV-connected embedded networks are deemed to use. DNO and IDNO Parties would be required to provide data in the format required by the Nominated Calculation Agent in order to calculate the following items:
- (a) determining the total length of its LV mains used by LV-connected licensed embedded networks;
 - (b) dividing that total length by the number of end users on LV-connected licensed embedded networks; and
 - (c) dividing the result by the average length of LV mains by LV end user on the DNO Party’s own LV network.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

- 4.1 The Working Group reviewed the CP against the DCUSA Objectives and agree that DCP 240 better facilitates DCUSA General Objective 2 and DCUSA Charging Objective 1 and 2 as set out below:

DCUSA General Objective Two - 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

Working Group View: DCUSA General objective 2 was better facilitated as by procuring the Nominated Calculation Agent to undertake the LV Mains Split percentage would ensure timely and accurate update of such data item in the PCDM, ensuring transparency of such process and cost reflective IDNO discount factors (and hence DUoS charges to be calculated) be calculated. Such cost reflective charges would promote competition in distribution, generation and supply of electricity.

DCUSA 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

Working Group View: The Working Group considered there to be increased efficiency and use of resources in the Nominated Calculation Agent undertaking this calculation as opposed to a number of Parties undertaking this calculation individually.

DCUSA Charging Objective Two - 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)

Working Group View: The Working Group agreed that the submission of transparent data for the LV Mains Split Calculation to the Nominated Calculation Agent would prevent distortion of DNO Revenue and ensure greater cost reflectivity.

5 LEGAL DRAFTING

- 5.1 It is proposed to add a new obligation to DCUSA Section 2B Clause 42 for DNOs to procure a Nominated Calculation Agent to carry out the calculation of the LV Mains Split. This calculation is set out in Schedule 16 Clauses 114 – 115. Please refer to the proposed legal text in Attachment 2.

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 240 is the 01 April 2016.

7 CONSULTATION

7.1 The Working Group is seeking views on the below questions:

1. Do you understand the intent of the DCP 240?
2. Are you supportive of the principles of the DCP 240?
3. Do you consider that the introduction of this change will provide greater efficiency and accuracy in the calculation of the LV Mains Split?
4. Do you have any comments on the proposed legal text?
5. Which DCUSA General Objectives does the CP better facilitate? Please provide supporting comments.
 1. The development, maintenance and operation by each of the DNO Parties and IDNO Parties of an efficient, co-ordinated, and economical Distribution System.
 2. The facilitation of effective competition in the generation and supply of electricity and (so far as is consistent with that) the promotion of such competition in the sale, distribution and purchase of electricity.
 3. The efficient discharge by each of the DNO Parties and IDNO Parties of the obligations imposed upon them by their Distribution Licences.
 4. The promotion of efficiency in the implementation and administration of this Agreement and the arrangements under it.
 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.
6. Which DCUSA Charging Objectives does the CP better facilitate? Please provide supporting comments.

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.
 7. Are you aware of any wider industry developments that may impact upon or be impacted by this CP?
 8. Do you agree with the implementation date proposed by the DCP 240 change?
 9. Are there any alternative solutions or matters that should be considered by the Working Group?
- 7.2 Responses should be submitted using Attachment 1 to DCUSA@electralink.co.uk no later than **Friday, 12 June 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 240 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 Help Desk by email to DCUSA@electralink.co.uk or telephone 020 7432 3017.

9 ATTACHMENTS

Attachment 1 – DCP 240 Response form

Attachment 2 – DCP 240 Draft Legal Text

Attachment 3 – DCP 240 Change Proposal