

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 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 238
Date of submission	8 April 2015
Attachments	Legal Text
Originator Details	
Company Name	Northern Powergrid
Originator Name	Pat Wormald
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	pat.wormald@northernpowergrid.com
Phone Number	Direct Dial: 01977-605934 Mobile: 07894-399074
Change Proposal Details	
CP Title	Notice period for Non DUoS charges
Impacted parties	Generators, DNOs, IDNOs and Suppliers
Impacted Clause(s)	Clause 19 of Section 2A
Part 1 / Part 2 Matter	Part 1
Provide your rationale why you consider this change is a Part 1 or Part 2 Matter	This change proposal impacts on the notice period for charges and is therefore a Part 1 matter under clause 9.4.2 as it is likely to have a significant impact on competition in one or more of: (A) the generation of electricity; (B) the distribution of electricity; (C) the supply of electricity; and (D) any commercial activities connected with the generation, distribution or supply of electricity;
Related Change Proposals	n/a
Change Proposal Intent	
To amend the legal text in Section 2A to ensure the obligation to provide 15 months notice of charges only applies to Use of System charges.	
Business Justification and Market Benefits	
DCP 178 (Notification period for change to use of system charges) was intended to create an obligation on DNOs to provide 15 months notice when amending use of system charges. The legal text that has been accepted inadvertently extended this obligation to include other charges such as	

Meter Asset Provision (MAP), Meter Point Administration Services (MPAS) and Miscellaneous Charges. This was not the intent of the original change proposal and potentially causes problems for DNOs in meeting their licence obligations as follows:

- It creates a conflict between DCUSA and the Distribution Licence for MAP where prices are capped within the CRCs by reference to the average change in RPI between Jul and Dec. This value is only known in February for the following year and if DNOs are obligated to provide 15 months notice then this value will not be known and a DNO could inadvertently set prices that do not comply with the CRCs.
- A further issue is the revenue protection prices published in the Miscellaneous Charging Statement. The revenue protection market is competitive and DNOs are permitted to make a reasonable margin on the costs of providing this service. If prices are set 15 months ahead, it will remove the DNOs ability to amend prices and ensure they are not recovering an inappropriate margin. As revenue protection is a competitive market, this could be seen as anti-competitive if the prices charged resulted in an excessive or negative margin.

This change proposal will ensure the 15 months notice of prices only applies to Use of System charges.

Proposed Solution and Draft Legal Text

To amend the legal text as per the attachment: this will ensure that the notice period for Use of System Charges is captured in clauses 19.1 – 19.3 and clauses 19.4 – 19.5 will capture the other charges. This revised legal text should over write the approved legal text for DCP 178.

Note: A separate change has been submitted by Southern Electric Power Distribution plc relating to the notice periods applicable to the variation of charges for embedded distribution networks.

Proposed Implementation Date

Implementation on 5th November 2015 to align with the implementation of DCP178

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

Consideration of Wider Industry Impacts

N/A

Environmental Impact
None
Confidentiality
N/A

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives
<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 checked="" 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>
Detailed rationale for better facilitation of the DCUSA Objectives identified above
<p>This change proposal better meets general objective 3 as it removes a potential non-compliance for DNOs between the obligations contained in DCUSA and the Distribution Licence by enable DNOs to set MAP prices that do not breach the cap set down in the Charge Restriction Conditions (CRCs) and to set prices for the provision of revenue protection services that will not result in a excessive or negative margins.</p>

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

This change proposal better meets general objective 3 as it removes a potential non-compliance for DNOs between the obligations contained in DCUSA and the Distribution Licence by enable DNOs to set MAP prices that do not breach the cap set down in the Charge Restriction Conditions (CRCs) and to set prices for the provision of revenue protection services that will not result in a excessive or negative margins.

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

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

Ref	Data Field	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	Part 1 / Part 2 Matter	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	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	Proposed Solution and Draft Legal Text	<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. 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>
5	Proposed Implementation Date	<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"> • Submission of Company indicative tariffs is 31 December of each year. • Final tariffs are published on 1 April of each year. <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 dcusa@electralink.co.uk.</p>
6	Consideration of Wider Industry Impacts	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.
7	Environmental Impact	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 Ofgem Guidance .
8	Confidentiality	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.
9	DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	Detailed Rationale for DCUSA Objectives	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 DCUSA Objectives identified.
11	DCUSA Charging Objectives	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.