

DCUSA DCP 232 CHANGE DECLARATION**VOTING END DATE: 24 AUGUST 2015**

DCP 232- 'GP AND GL SOLUTION'	WEIGHTED VOTING				
	DNO	IDNO	SUPPLIER	DISTRIBUTED GENERATOR	GAS SUPPLIER
CHANGE SOLUTION	Accept	n/a	Reject	n/a	n/a
IMPLEMENTATION DATE	Accept	n/a	Reject	n/a	n/a
RECOMMENDATION	<p>Change Solution – Reject. For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the change solution was not more than 50%.</p> <p>Implementation Date – Reject. For the majority of the Party Categories that were eligible to vote, the sum of the Weighted Votes of the Groups in each Party Category which voted to accept the implementation date was not more than 50%.</p>				
PART ONE / PART TWO	Part One – Authority Determination Required				

PARTY	SOLUTION (A / R)	IMPLEMENTATION DATE (A / R)	WHICH DCUSA OBJECTIVE(S) IS BETTER FACILITATED?	COMMENTS
DNO PARTIES				
Electricity North West	Accept	Accept	General Objective Three and Charging	n/a

			Objective One are better facilitated as this DCP is ensuring consistency between the RIIO-ED1 license and DCUSA.	
Northern Powergrid (Northeast) Ltd	Accept	Accept	General objective three and charging objective one are better facilitated. This is because the proposed DCP 232 solution will bring the DCUSA into line with the Licence.	None at this time.
Northern Powergrid (Yorkshire) plc	Accept	Accept		
Eastern Power Networks	Accept	Accept	General Objective 3 and Charging Objective 1 are better facilitated as a result of this change proposal as a result of aligning DCUSA to the distribution licence introduced as a result of ED1.	n/a
London Power Networks	Accept	Accept		
South Eastern Power Networks	Accept	Accept		
Scottish Hydro Electric Power Distribution	Accept	Accept	General Object 3 and Charging Objective 1 are better facilitated by this change as it ensures that the RIIO-ED1 Licence Conditions are encompassed in the charging methodology and DCUSA document.	n/a
Southern Electric Power Distribution	Accept	Accept		
SP Distribution	Accept	Accept	DCUSA General Objective 3 and DCUSA Charging Objective 1 for the reasons stated in the Change Report.	No.
SP Manweb	Accept	Accept		
Western Power Distribution South West	Accept	Accept	The proposal better facilitates DCUSA general objective three and charging objective 1 by ensuring consistency	n/a
Western Power Distribution South	Accept	Accept		

Wales			between EDCM and the RIIO ED1 Licence.	
Western Power Distribution East Midlands	Accept	Accept		
Western Power Distribution West Midlands	Accept	Accept		
IDNO PARTIES				
N/A				
SUPPLIER PARTIES				
British Gas	Reject	Reject	<p>We have reviewed this change against the DCUSA charging objectives and consider that none are better facilitated.</p> <p>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</p> <p>Not better facilitated. DNOs are obliged to review the methodology at least once every year and make such modifications (if any) of the methodology as are necessary</p>	<p>Prior to April 2015 the EDCM applied a reasonable method to allocate an appropriate amount of DNO allowed revenue to the EDCM generation revenue pot. The pot was made up of 3 components:</p> <p>(1) A share (based on EDCM capacity vs total capacity) of the DNO revenue allowances associated with generation connected between 2005-2010 (incentive payments, use of system capex and O&M allowances).</p> <p>(2) A share (based on EDCM capacity vs total capacity) of the use of system capex associated</p>

			<p>for the purpose of better achieving the Relevant Objectives. We do not consider that DNOs have <i>properly</i> taken account of changes triggered by the implementation of the RIIO ED1 licence with respect to the EDCM generation revenue pot.</p> <p>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</p> <p>Not better facilitated. The proposed EDCM generation revenue pot will eventually no longer include any share of the allowances included in DNOs base revenues associated with use of system capex for all EDCM generation or incentive and O&M allowances for generation connected between 2005-2010. This share of DNO revenue allowance will instead be picked up by demand customers. This represents a</p>	<p>with generation connected post 2010.</p> <p>(3) An O&M allowance applied to EDCM generation capacity connected pre-2005 and post-2010 (no O&M allowance was included here for 2005-2010 EDCM generation since the O&M allowance for these generators is already included in (1) above).</p> <p>The RIIO ED1 licence removes a number of the terms that were used to calculate the EDCM generation revenue pot in (1) and (2) above. However, our understanding is that the revenue allowances themselves have not been removed from overall DNO revenue allowances, but rather they have simply been included within the base revenue allowances – that is, they are more difficult to identify rather than they have been removed altogether.</p> <p>The proposed solution put forward by this change proposal is effectively to set the affected terms to zero. This represents a transfer of costs from EDCM generation to demand users since the proposed EDCM generation pot resulting from this change will</p>
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			<p>reduction in cost reflectivity.</p> <p>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</p> <p>Not better facilitated. We do not consider that DNOs have <i>properly</i> taken account of changes to their RIIO ED1 licence with respect to the EDCM generation revenue pot. We believe DNOs should be required to submit a revised change to <i>properly</i> take account of the changes in the RIIO ED1 licence whilst maintaining an appropriate EDCM generation revenue target.</p>	<p>ultimately:</p> <ul style="list-style-type: none"> • Exclude any share of use of system capex (either historic or future) associated with EDCM generation • Exclude any share of the 2005-2010 generation revenue allowances (for use of system capex, incentive revenue and O&M) which have been included in DNOs base revenues. <p>The only costs ultimately being included in the EDCM generation revenue pot will be O&M costs associated with generators connected pre-2005 and post 2010. This is inappropriate and the working group has not set out the extent of the transfer of costs from EDCM generation to demand or offered any justification.</p> <p>We also believe that the proposed legal text is incorrect to state that the GL term should be set to zero from and including 2014/15. We can see no reason why DNOs would not have included the 2014/15 GL term as set out in their licence in deriving 2014/15 EDCM generation tariffs. To set the GL term to zero from 2014/15 would therefore lead to DNOs having set 2014/15 EDCM</p>
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				generation tariffs in a manner which is inconsistent with the methodology in DCUSA.
DISTRIBUTED GENERATOR PARTIES				
N/A				
GAS SUPPLIER PARTIES				
N/A				