

DCP 228 Draft Legal Text

Revenue Matching in the CDCM

Amend Schedule 16, Paragraphs 92 to 95 as follows:

Step 3: Match revenues

89. The DNO Party uses its volume forecasts to estimate the revenues that would be raised by applying the tariff components derived from step 2, excluding any revenues treated as excluded revenue under the price control conditions.
90. If any separate charging methodology is used alongside the CDCM, e.g. for EHV users, then the forecast revenues from these charges, excluding any revenues treated as excluded revenue under the price control conditions, are added to the total.
91. If the forecast of allowed revenue exceeds the estimate of relevant revenues, then the difference is a shortfall. If the estimate of relevant revenues exceeds the forecast of allowed revenue, then the difference is a surplus.
92. Revenue matching is achieved by applying a unit charge adder (p/kWh) calculated as follows: the revenue surplus or shortfall (in pence) to be recovered; divided by the total volume of all demand customers (in kWh). The unit charge adder is applied to demand tariffs only.~~To allocate any shortfall or surplus, the DNO Party calculates the effect on demand tariffs and on forecast revenues from these tariffs of adding £1/kW/year (relative to system simultaneous maximum load) to costs at the transmission exit level.~~
93. ~~Using this estimate, the DNO Party determines a single adder figure in £/kW/year such that adding that amount to costs at the transmission exit level would eliminate the shortfall or surplus.~~ The unit charge~~single~~ adder is positive if there is a shortfall and negative if there is a surplus.
94. If this procedure would result in negative value for any tariff component, then ~~the~~ate tariff component is set to zero, and the unit charge~~single~~ adder figure is modified to the extent necessary to match forecast and target revenue.

95. ~~The final tariffs for demand (before rounding and application of LDNO discounts) are determined on the basis of an allocation with the single adder included in costs.~~
Tariffs for generation do not have any revenue matching element.

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