



DCUSA Consultation

DCP 216 – Amending the EDCM Model Format

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 216 'Amending the EDCM Model Format'.
- 1.3 Parties are invited to consider the options for proposed legal drafting set out in Attachment 2 and the revised EDCM model in Attachment 4 to this document and submit comments using the response form provided as Attachment A to DCUSA@electralink.co.uk by **Friday, 21 November 2014.**

Formatted: Highlight

2 DCP 216 'AMENDING THE EDCM MODEL FORMAT'

- 2.1 DCP 216 has been raised by Electricity North West to amend the format of the EDCM model to make it easier for stakeholders to understand the calculations within the model.
- 2.2 The existing EDCM model contains a table consisting of 300 rows with 1 row for each type of customer. This table is replicated many times on each of the four sheets resulting in approximately 35,000 rows and posing a difficulty to those wishing to follow through the calculations in the spreadsheet. This CP proposes to move to a matrix format for the calculation sheets, which would enable the calculation to be followed from left to right in an easier to understand manner.
- 2.3 The excel spreadsheet attachment submitted with the CP contains a proposed template for the LRIC model. The submitted template is based on a model that implements the DCP 183 change, but the principle of the formatting that should be applied to the existing model is the same.

3 WORKING GROUP ASSESSMENT

3.1 The DCUSA Panel has established a DCP 216 Working Group which consists of DNO and Ofgem representatives. An open invitation was extended to all DCUSA counterparties to attend this Working Group and this invitation remains open for any interested industry parties.

3.2 The Working Group have noted that this CP has been designated as a Part 2 Matter as the proposed change does not impact the methodology or the outputs of the model but the formatting of the model only.

3.3 The Working Group developed a new formatting for the EDCM model in conjunction with the model advisor for Parties consideration which acts as Attachment 4 to this document.

3.4 Populated versions of the EDCM Model are not published as it contains confidential data, however DNOs may show the model to individual customers to help them understand their charge. As a result it is important that the model is easy to understand.

3.3.5 The Working Group identified a further beneficial change to the model and has introduced the rounding of LDNO prices. This rounding is currently done by DNOs on a manual basis and this change seeks to incorporate it in to the model.

3.4.3.6 The Working Group considered it inherent to the success of this change that the output from calculations in the EDCM model is not impacted by the reformatting of the model. Six DNOs were contacted to test the reformatted EDCM model by populating the model and checking that the outputs remain the same. All DNO participants confirmed that there was no change to the outputs obtained from the reformatted EDCM model.

Comment [h1]: Expected outcome. Subject to test.

3.5.3.7 The Working Group is interested in Parties views on the reformatted EDCM model, whether it is easier to use than the previous model and if there is any further changes that Parties have identified which would improve its accessibility to stakeholders.

4 ASSESSMENT AGAINST THE DCUSA OBJECTIVES

4.1 The Working Group reviewed the CP against the DCUSA Objectives and agree that DCP 216 better facilitates DCUSA General Objectives 2 and DCUSA Charging Objective 2 by improving the transparency of the EDCM model for all stakeholders by making the calculations within the model easier to follow and easier to identify any mistakes.

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).

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.

5 LEGAL DRAFTING

- 5.1 It is proposed if the reformatted EDCM model is approved by Parties to update the model version numbers in DCUSA Schedule 17 and 18. Please refer to the proposed legal text in Attachment 2.

6 IMPLEMENTATION

- 6.1 The proposed implementation date for DCP 216 is the next DCUSA release following DCUSA Party consent~~Authority consent~~.

7 CONSULTATION

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

1. Do you understand the intent of the DCP 216?
2. Are you supportive of the principles of the DCP 216?
3. Do you have any comments on the proposed legal text?
4. Do you think that the new format of the amended EDCM Model¹ is beneficial?

5. Have you identified any further changes applicable to the reformatting of the EDCM model?

~~5-6. Are there any further changes that you would like to see to the model?~~

¹ Changes to the format of the amended EDCM Model should not change the calculation process.

~~6.7.~~ 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.

~~7.8.~~ 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.

~~8.9.~~ Are you aware of any wider industry developments that may impact upon or be impacted by this CP?

~~9.10.~~ Do you have a preference on the date that DCP 216 is implemented into the DCUSA?

~~10.11.~~ 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, 21 November 2014.**

Formatted: Highlight

- 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 216 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 2842.

9 ATTACHMENTS

Attachment 1 – Response form

Attachment 2 – Proposed Legal Text

Attachment 3 – DCP 216 Change Proposal

Attachment 4 – Proposed EDCM Model