

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 / Urgent
CP Number	DCP 203
Date of submission	10/02/2014
Attachments	DCUSA DCP Suggested Legal Text.docx
Originator Details	
Company Name	ESP Electricity Limited
Originator Name	Donna Townsend
Category	DG / DNO / EDNO / OTSO / SUPPLIER / OTHER
Email Address	donnat@espipelines.com
Phone Number	01372 227 560
Change Proposal Details	
CP Title	The rationalisation of discount factors used to determine LDNO Use of System tariffs relating to UMS connections on embedded distribution networks and the associated LDNO tariffs
Impacted parties	EDNOs and DNOs
Impacted Clause(s)	Schedule 16, 17, 18, 19, and Schedule 21, and Section 2B.
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	DCP168 (withdrawn)
Change Proposal Intent	
The intent of this change proposal is to make the required amendments to the DCUSA that will reduce the number of LDNO discount factors for UMS connections to EDNO networks	
Business Justification and Market Benefits	
<p>Under the current arrangements, schedule 19 of the DCUSA, entitled Portfolio Billing, sets out the rules for inter-distributor Use of System (UoS) billing where an EDNO is connected to the host DNO and subsequently connects end users to that EDNO's distribution system. This process requires that end user's MPANs be linked to a Line Loss Factor Class (LLFC) identifier. The LLFC shows the voltage of connection of the EDNO's distribution system to the DNO network (i.e. DNO/EDNO boundary network level) and the network voltage of the EDNO's end user customer. This information is used by the host DNO to allocate the relevant discount factor to the "all the way" UoS tariff, to calculate the associated LDNO tariff that will be applied to the EDNO when the DNO bills the EDNO for the use of its distribution system.</p> <p>This process works effectively for metered customers as such customers tend to have a single, or a</p>	

small number of exit points per MPAN, typically confined to a single EDNO network. In the case of UMS connections provided to UMS Customers that have multiple exit points, often distributed amongst a wide geographic area containing a number of different EDNO distribution systems, the process becomes more complex.

Such UMS customers are more often than not Local Authorities (LAs) that are responsible for public street lighting. Such a scenario requires that each UMS customer must trade an additional separate MPAN for each EDNO operating in its area. Furthermore, to accommodate inter-distributor billing, the EDNO must also ensure that it can differentiate between the connected voltages. So the inventory that a customer provides to an EDNO has to be split by the EDNO across the various voltages and an MPAN applied to each. Potentially a LA customer with connections to multiple embedded networks connected at multiple voltages could have up to approximately 180 different MPANs and as a consequence 180 bills for the street lighting.

The reason behind this high number is that there are currently seven different IDNO boundary network level interface connection arrangements, namely LV/LV, HV/LV, HV Plus, EHV, 132kV/EHV, 132kV, and GSP. There are currently four active IDNOs plus one DNO working 'out of area'. Each distributor operating in the customer's area, could be required to provide a suite of MPANs for each network level and then for each different energy profile e.g. dusk till dawn, continuous etc. $7 \text{ network levels} \times 5 \text{ MPANs (4 UMS operational hour bands + 1 HH)} \times 5 \text{ distributors (4 x IDNOs and 1 x distributor working out of area)} + 5 \text{ DNO MPANs} = \text{potentially 180 MPANs}$. Whilst this number of MPANs is technically possible, realistically this level would unlikely be reached for a single customer however as competition in connections on new housing developments grows the number of MPANs that UMS customer may require will substantially increase.

The Change Proposer also believes that some Suppliers may be levying administration charges to UMS customers on a per MPAN basis. Furthermore, there is evidence that administration charges are also levied against UMS customers by their nominated meter administrators (MAs) in respect of each additional MPAN that the MA processes for them

The practice of requiring multiple MPANs for EDNO UMS connections (not something the host DNO has to do) has led to LAs refusing to complete highway adoption agreements with developers who opt to make connections to an EDNO network on the grounds of the increased administration costs that the LA could be exposed to due to the unmetered supply administration issues. This distorts competition as developers face additional obstacles in achieving highway adoption when connecting to an EDNO rather than a DNO network.

The proposed changes will deliver improved service to UMS customers by simplifying the current administration process for unmetered connections. The result for end customers will be a reduction in the number of MPANs required (and the associated administration costs for additional MPANs) to support the varying Point of Connection voltage levels.

The simplification of this process will allow developers to award contracts to EDNOs without the fear of highway adoption issues, this in turn will benefit competition in provision of connections and distribution services to distribution networks.

It should be noted that, as far as the Settlement system is concerned, each additional MPAN would recover the same unit rate for UoS charges. These additional MPANs are required solely for inter-distributor billing purposes. The EDNO will continue to have full legal and regulatory responsibility for connections made to its distribution system.

Given the low volumes of unmetered connections to EDNO networks (when considered relative to DNO connections) and the associated low UOS revenues, the extra administration costs appear to outweigh

the benefit of a potential increased accuracy in splitting the UoS revenue between the EDNO and the DNO for each network level.

Impact assessment

A single EDNO discount will reduce the inter-distributor billing costs for both the host DNO and the EDNO.

The current thinking of the impact on real terms cost reflectivity of a single discount is that such a change will have a negligible impact given the low volumes of unmetered connections to EDNO networks (when considered relative to DNO connections) and the associated low UoS revenues.

The reduction in administration will benefit the host DNO, the EDNO and UMS customers.

Proposed Solution and Draft Legal Text

It is anticipated that changes may be required to Section 2B, Schedule 16, Schedule 17 and 18 of the DCUSA. It may also be necessary to make changes to the portfolio billing arrangements outlined in Schedules 19 and/or 21 of the DCUSA. At this stage, it is not envisaged that any changes will be required elsewhere in the DCUSA to meet the intent of this change proposal, however this may change as the working group progresses.

The attached proposed solution was compiled with the input from a number of EDNOs and one DNO Party. Should this change proposal be progressed it is anticipated that further development of these proposals may be required by the DCUSA Panel establishing a working group.

Proposed Implementation Date

April 2015

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"/>
Other	<input type="checkbox"/>
None	<input checked="" type="checkbox"/>

If other please specify

Environmental Impact

None Identified

Confidentiality

None

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes.

- ☒ 1 The development, maintenance and operation by the DNO Parties and EDNO 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 EDNO Parties of obligations imposed upon them in their Distribution Licences
- ☐ 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

Obj 1 is better met as the reduced administration on both DNO and EDNO parties is greatly reduced and therefore lead so a more efficient and coordinated distribution network.

Obj 2 is better met as the currently arrangements are leading to adoption issues with UMS customers – LAs in particular for EDNOs. DNOs are not affected and therefore current arrangements are a barrier to competition.

PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS

DCUSA CDCM Objectives

Please tick the relevant boxes.

CDCM 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

General Objectives:

- ☒ 1 The development, maintenance and operation by the DNO Parties and EDNO 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 EDNO Parties of obligations imposed upon them in their Distribution Licences
- ☐ 4 The promotion of efficiency in the implementation and administration of this Agreement

Rationale for better facilitation of the DCUSA Objectives identified above

CDCM Objectives:

CDCM Objective number 2: This change proposal will remove the requirement for LAs to trade multiple MPANs to enable inter-distributor billing. Delaying or refusing to adopt highways that contain connections to street furniture from EDNO networks impacts on competition in connections and distribution services as developers may be unwilling to jeopardise the completion of their Section 38 adoption agreements with the LA. This could lead to developers awarding new network extension contracts for the host DNO that might otherwise have been awarded to an EDNO. The removal of this increased administration burden on the LA therefore has the potential to facilitate effective competition in connections and distribution services thus satisfying the CDCM Objective number 2.

General Objectives:

General Objective number 1: This CP will simplify the process of administration of unmetered supply connections to EDNO network thus satisfying this objective.

General Objective number 2: see above CDCM Objective number 2.

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

DCUSA Standing Issues Group.

--

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Data Field	Guidance
Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
Change Proposal Intent	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
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
CP Status	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
DCUSA CDCM Objectives	Indicate which of the DCUSA CDCM Objectives will be better facilitated by the Change Proposal. Please note that a CDCM change may also facilitate the DCUSA General objectives.
Draft Legal Text	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
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 .
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.
Proposed Implementation Date	The Change can be implemented in February, June, and November of each year.
Proposed Solution	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.
Rationale for DCUSA Objectives	Provide 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.
Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.