



DCUSA CONSULTATION

DCP 198 – Align the PCDM Model with the Legal Text

And

DCP 212 - Align the Extended PCDM Model with the Legal Text

1 PURPOSE

- 1.1 The Distribution Connection and Use of System Agreement (DCUSA) is a multi-party contract between electricity Distributors and electricity Suppliers and large Generators.
- 1.2 Parties to the DCUSA can raise a DCUSA Change Proposal (“DCP”) to amend the Agreement. DCPs should better facilitate the DCUSA General Objectives and/or Charging Objectives of the DCUSA document.
- 1.3 Amendments to DCUSA may only be made with the consent of a majority proportion of Parties to the DCUSA, through a voting process, or (where applicable) the Gas and Electricity Markets Authority.¹
- 1.4 When a DCP is raised, a Working Group is established to assess and develop the proposal in consultation with industry parties and other interested parties.
- 1.5 This document is a consultation issued in accordance with Clause 11.14 of the DCUSA and seeks industry views on Change Proposal DCP 198 – Align the PCDM Model with the Legal Text and DCP 212 - Align the Extended PCDM Model with the Legal Text. The original DCP forms are included as Attachments A and B respectively.
- 1.6 The Consultation has been issued to DCUSA Parties, the Distribution Charging Methodologies Forum (DCMF) Distribution List and Ofgem.
- 1.7 Parties are invited to consider the Change Proposals detailed in this consultation and submit comments using the form included as Attachment F to dcusa@electralink.co.uk by **26 September 2014**.

2 INTENT OF DCP 198 – ALIGN THE PCDM MODEL WITH THE LEGAL TEXT

- 2.1 DCP 198 has been raised by UK Power Networks the intent is to align the Price Control Disaggregation Model (PCDM) and the relevant legal text as laid out within DCUSA Schedule 16, Clauses 96 to 125.
- 2.2 The Proposer explains that this CP will benefit the work of DCUSA Parties by removing any difference between the legal text and the PCDM. It will work to ensure that

¹ For more information about GEMA visit the Ofgem website: <http://www.ofgem.gov.uk/TheAuthority>

Parties can be confident that the design of the model reflects the wording in the Agreement.

3 INTENT OF DCP 212 – ALIGN THE EXTENDED PCDM MODEL WITH THE LEGAL TEXT

- 3.1 DCP 212 has been raised by UK Power Networks and the intent is to align the Extended PCDM model and the relevant legal text as laid out within DCUSA Schedule 17 and 18 Sections 24 and 25.
- 3.2 This Proposer explains that like DCP 198, this CP will benefit the work of DCUSA Parties by removing any difference between the legal text and the Extended PCDM. It will work to ensure that parties can be confident that the design of the model reflects the wording in the agreement.

4 DCP 198 AND 212 – WORKING GROUP CONSIDERATIONS

- 4.1 The Working Group noted that the Proposer had explained that following the appointment of a consultant to undertake the modelling work for DCUSA charging methodology changes, a number of inconsistencies have been identified between the legal text as defined within DCUSA Schedule 16 and the current published DCUSA PCDM and Schedules 17 and 18 and the current published DCUSA Extended PCDM. The PCDM and Extended PCDM were brought under the open governance arrangements following the approval of DCP 128² and DCP 129³; the legal text was not revised for DCP 128 or 129.
- 4.2 The Working Group previously issued a consultation in order to gauge Industry opinion as to how best proceed with the DCP 198. In the consultation issued on 7 February 2014, the Working Group explained that two options could be used to progress the CP further: Option 1 - Amend the PCDM to match the legal text as set out in the DCUSA, or Option 2 - Amend the legal text as set out in the DCUSA to match the PCDM. The consultation responses, including the Working Group comments, are included as Attachment E.
- 4.3 The Working Group reviewed the responses to the consultation, and the majority of respondents agreed that the legal text should be amended to match the PCDM model.

² Bringing the EDCM Price Control Disaggregation (Extended Method M) under the DCUSA Open Governance Framework

³ Bringing the CDCM Price Control Disaggregation (Method M) under the DCUSA Open Governance Framework

The reasoning behind this was that the PCDM model was the methodology that was being used in practice, and that the legal text should be updated in order to match what was being used within the Industry.

4.4 Following this consultation, DCP 212 was raised and entered the DCUSA Change Process. The Working Group felt that as the subject matter is the same, that the same progression route – amend the legal text to match the existing Extended PCDM – should be taken forward.

4.5 The legal text for both DCP 198 and 212 has been amended by the DCUSA modelling consultant, and is included as Attachments C and D respectively.

5 IMPLEMENTATION DATE

5.1 The implementation date for both DCP 198 and DCP 212 will be the next DCUSA release following Authority consent.

6 CONSULTATION

6.1 The Working Group would like for Parties to consider the following consultation questions for DCP 198:

1. Do you agree with the intent of DCP 198?
2. Do you agree with the principles of DCP 198?
3. Do you have any comments on the proposed legal text for DCP 198? Please provide supporting comments.
4. The Working Group considers that DCUSA General Objective 1⁴ and Charging Objectives 1⁵ and 3⁶ are better facilitated by DCP 198, do you agree with this opinion? Please provide supporting comments on this and any other DCUSA General or Charging Objective you feel is impacted by DCP 198.
5. Do you agree with the implementation date of DCP 198?
6. Are there any alternative solutions or matters that should be considered by the Working Group for DCP 198?

⁴ The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks

⁵ 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

⁶ 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

6.2 The Working Group would like for Parties to consider the following consultation questions for DCP 212:

7. Do you agree with the intent of DCP 212?
8. Do you agree with the principles of DCP 212?
9. Do you have any comments on the proposed legal text for DCP 212? Please provide supporting comments.
10. The Working Group considers that DCUSA General Objective 1⁷ and Charging Objectives 1⁸ and 3⁹ are better facilitated by DCP 212, do you agree with this opinion? Please provide supporting comments on this and any other DCUSA General or Charging Objective you feel is impacted by DCP 212.
11. Do you agree with the implementation date of DCP 212?
12. Are there any alternative solutions or matters that should be considered by the Working Group for DCP 212?

6.3 The Consultation response form (Attachment F) should be submitted to dcusa@electralink.co.uk no later than **26 September 2014**. Parties are asked to provide as much relevant detail as possible to enable the Working Group to understand the comments and the reasons behind them.

6.4 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.

7 NEXT STEPS

7.1 Following the end of the consultation period the Working Group will meet to review and consider the responses and progress the CPs to the next stage of the DCUSA Change Process.

7.2 If you have any questions about this paper or the DCUSA Change Process or would like to participate in the Working Group please contact the DCUSA Help Desk by email to dcusa@electralink.co.uk or telephone 020 7432 3014.

⁷ The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks

⁸ 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

⁹ 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

8 ATTACHMENTS

- Attachment A – DCP 198 Align the PCDM Model with the Legal Text
- Attachment B – DCP 212 Align the Extended PCDM Model with the Legal Text
- Attachment C – DCP 198 Proposed Legal Text
- Attachment D – DCP 212 Proposed Legal Text
- Attachment E – DCP 198 February 2014 Consultation and Collated Responses
- Attachment F – Response Form