

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
CP Number	DCP 179
Date of submission	12/06/2013
Attachments	HH NNH Enduring Tariff Approach
Originator Details	
Company Name	Electricity North West
Originator Name	Andrew Pace
Category	DNO
Email Address	Andrew.pace@enwl.co.uk
Phone Number	+44 (0) 1925 846855
Change Proposal Details	
CP Title	Amending the CDCM tariff structure
Impacted parties	Suppliers, DNOs, IDNOs, end customers
Impacted Clause(s)	Schedule 16
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	DCP 160 (NHH notional capacity) and DCP 165 (voltage level charges)
Change Proposal Intent	
<p>To amend the existing tariff structure within CDCM by introducing half hourly metered tariffs for current transformer (CT) metered customers and whole current (WC) metered customers.</p>	
Business Justification and Market Benefits	
<p>The current tariff structure within the CDCM contains a range of half hourly (HH) and non-half hourly (NHH) tariffs. This tariff structure has 2 issues which need to be addressed:</p> <ul style="list-style-type: none"> Customers under 100kW with half hourly metering can elect to be settled on a NHH or HH basis. As the tariff structure for NHH and HH customers is different, there will be a difference in the Distribution Use of System (DUoS) bill depending on whether the customer is settled HH or NHH. The introduction of SMART metering facilitates customers to be settled half hourly. However, the only available half hourly tariff at present contains a capacity charge and therefore assumes that the customer has an agreed Maximum Import Capacity within a Connection Agreement. Most small LV customers do not have an agreed capacity and it would therefore not be appropriate to levy an explicit capacity charge to these customers. 	

The ability of customers or suppliers to elect whether sites under 100kW are settled on a half hourly or non-half hourly basis currently enables tariffs to be selected which minimises their DUoS charge. As DNOs have an obligation to provide cost reflective charges, there should not be a material difference in charges as a result of this choice.

The current discrepancy between the tariffs can sometimes incentivise half hourly metered customers to elect to be settled on a non-half hourly basis. Half hourly data is more accurate and there should not be any barriers as a result of DUoS charging to using this data for settlement purposes. This modification should reduce the differential between the NHH and HH tariffs and encourage customers and suppliers to choose the appropriate settlement approach.

At present, customers that are on the HH metered tariff are settled on a site specific basis by the DNOs. However, the DNO billing systems are constrained on the number of sites that can be billed in this manner and allowing all HH metered customers to be settled in this way would require potentially significant changes to the DNO billing systems. Introducing a half hourly WC tariff for these customers would allow for half hourly settlement on an aggregated basis for these customers by separating them from CT customers which will continue to be billed on a site specific basis.

Using the meter type as a boundary for determining the applicable tariff for a customer is a more stable approach because the differing services and service costs of CT and WC metering systems form a natural boundary between larger and smaller customers. Customers will not shift due to their consumption pattern within year, but will only change tariff if their metering equipment is changed. This is a more stable and fairer pricing arrangement which removes some of the anomalies of the current tariffs and allows both to receive a cost reflective charge.

The introduction of additional HH metered tariffs for customers with HH capable metering installed will enable cost reflective prices to be passed to Suppliers for these customers. This enables Suppliers to create cost reflective tariffs for these customers, which could result in a more efficient use of the network, to the benefit of all customers.

Proposed Solution and Draft Legal Text

The proposed solution is to remove or preserve the LV HH metered tariff and allocate all customers on this tariff to one of two new tariffs; the CT HH metered tariff or the WC HH non-domestic metered tariff.

The CT metered tariff will contain a fixed charge, capacity charge, 3-rate unit charge and excess reactive power charge. This tariff will be applicable to all customers with CT metering installed and will remove the option that is currently available to some customers to choose their DUoS tariff by electing to be settled HH or NHH.

The WC HH non-domestic metered tariff will contain a fixed charge and 3-rate unit charge. All non-domestic customers with WC metering installed will be eligible for this tariff or the NHH equivalent tariff¹. The NHH equivalent tariffs will be derived from the WC HH non-domestic metered tariff and consequently there will be no price differential if the customer elects to be settled HH or NHH.

For domestic customers, a new WC domestic HH metered tariff will be introduced. The NHH domestic tariffs will be derived from the domestic HH metered tariff and will remain available to Suppliers should customers not opt for HH settlement, meaning there is no price discrepancy for a 'typical' domestic customers between the HH and NHH tariffs.

¹ Small non-domestic unrestricted, small non-domestic 2 rate, small non-domestic off peak (related MPAN), LV medium non-domestic

For Low Voltage Substation (LVS) customers, the same principle that is applied to LV will be used. The existing LVS tariffs (NHH and HH) will be removed and customers allocated to one of two new tariffs; the CT HH LVS metered tariff or the WC non-domestic LVS metered tariff. It is anticipated that all LVS customer should be CT metered which would remove the need for the WC LVS tariff.

Proposed Implementation Date

April 2015.

Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC	<input checked="" type="checkbox"/>
CUSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
MRA	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input type="checkbox"/>

If other please specify

Consideration of Wider Industry Impacts

This change proposal would allow many more customers to be settled on a HH basis (potentially all customers). Distributors do not have the capacity to settle this number of customers on a site specific basis. Amending Distributor billing systems would be extremely costly, and it is proposed that an amendment to the BSC will be raised to enable WC customers to be settled on the aggregated 'super customer' basis used in the existing NHH charging arrangements.

Environmental Impact

This change will create more cost reflective charges for all customers, which should eventually lead to more efficient use of the network and reduce the need for reinforcement and its associated carbon cost.

Confidentiality

No parts of this change proposal are confidential

PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Objectives

General Objectives:

Please tick the relevant boxes. [See Guidance Note 9]

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

Rationale for better facilitation of the DCUSA Objectives identified above

[See Guidance Note 10]

PART C – MANDATORY FOR CHARGING METHODOLOGIES CHANGE PROPOSALS

DCUSA Charging Objectives

Please tick the relevant boxes. [See Guidance Note 11]

Charging 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
- 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.

General Objectives:

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

Rationale for better facilitation of the DCUSA Objectives identified above

[See Guidance Note 10]

Charging Objectives:

1. The change proposal better meets CDCM objective one by reducing the differential between the non half hourly and half hourly tariffs and encouraging customers and suppliers to choose the appropriate settlement approach.
2. The change proposal better meets CDCM objective two by ensuring consistency of Use of System charges across non half hourly and half hourly tariffs and thereby enabling a transparent and predictable pricing structure.
3. The change proposal better meets CDCM objective three by increasing the cost reflectivity of prices by distinguishing between customers based on the type of metering that is installed rather than profile code which will become a redundant classification as the half hourly metering roll out is implemented.
4. The change proposal better meets CDCM objective four by facilitating the industry requirement to remove the price barrier for customers to trade on a half hourly basis.

General Objectives:

1. The change proposal better meets general objective one by removing the differential between non-half hourly and half hourly tariffs and encouraging customers and suppliers to choose the appropriate settlement approach.
2. The change proposal better meets general objective two by producing a more transparent pricing structure which enables more efficient and effective settlement.
3. The change proposal better meets general objective three by satisfying the licence obligation on DNOs to review the charging methodology and bring about changes to improve the methodology.

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

PART D – GUIDANCE NOTES FOR COMPLETING THE FORM

Guidelines for Working Group Members and Working Group Terms of Reference are available on the DCUSA Website and provide more information about the progression of the Change Process. www.dcusa.co.uk

Ref	Data Field	Guidance
1	Attachments	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
2	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.
3	Related Change Proposals	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.
4	Proposed Solution and Draft Legal Text	<p>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. The plain English description of the proposed solution should include the changes or additions to existing DCUSA Clauses (including Clause numbers).</p> <p>Insert proposed legal drafting (change marked against any existing DCUSA drafting).</p>
5	Proposed Implementation Date	The Change can be implemented in February, June, and November of each year.
6	Consideration of Wider Industry Impacts	Indicate whether this Change Proposal will be impacted by or have an impact upon wider industry developments. If an impact is identified, explain why the benefit of the Change Proposal may outweigh the potential impact and indicate the likely duration of the Change.
7	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 .
8	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
9	DCUSA General Objectives	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
10	Rationale for DCUSA	Provide supporting reasons and information (including any

	Objectives	initial analysis that supports your views) to demonstrate why the CP will better facilitate each of the DCUSA Objectives identified.
11	DCUSA Charging Objectives	Indicate which of the DCUSA Charging Objectives will be better facilitated by the Change Proposal. Please note that a CDCM or EDCM change may also facilitate the DCUSA General objectives.