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|----------------------|--|----------------------|------------------------------|
| Proposed variation:  | <b>Distribution Connection and Use of System Agreement (DCUSA) DCP171 – Housekeeping re Black Yellow Green</b> |                      |                              |
| Decision:            | The Authority <sup>1</sup> directs that proposal DCP171 be made <sup>2</sup>                                   |                      |                              |
| Target audience:     | DCUSA Panel, Parties to the DCUSA and other interested parties   |                      |                              |
| Date of publication: | 12 July 2013   | Implementation Date: | Next available DCUSA release |

## Background to the modification proposal

We approved DCUSA Change Proposal (DCP)130: 'Remove the discrepancy between non-half hourly (NHH) and half hourly (HH) Un-metered Supplies (UMS) tariffs' in December 2012.<sup>3</sup> This addressed the variance in the method of calculating Distribution Use of System (DUoS) charges between NHH and HH traded UMS in order to improve the cost reflectivity of tariffs calculated by the Common Distribution Charging Methodology (CDCM) model.

At the time of the approval of DCP130, the DCUSA Panel noted that the resulting wording in paragraph 40 of Schedule 16 could be more clearly drafted. In our modification decision for DCP130 we said, 'we consider that Schedule 16 paragraph 40 could be drafted more clearly to explain the application of the green distribution time band in different cases'. We expected DCUSA Parties to address these concerns to clarify which time bands applied to which tariffs. We noted that this could be done through a DCUSA "housekeeping" modification.

## The modification proposal

DCP171 was proposed by UK Power Networks ('the Proposer') in April 2013 as a housekeeping change in response to the Change Report for DCP130.

DCP171 seeks to clarify the text regarding the application of time bands to different tariffs. The proposal also seeks to ensure consistency in the spelling of 'time bands'.

The Proposer considers that DCUSA General Objective 3.1.2<sup>4</sup> and DCUSA Charging Objective 3.2.2<sup>5</sup> are better facilitated by the proposal. The Proposer considers that DCP171 provides clarity in the wording of the DCUSA and aids transparency, which facilitates competition.

## DCUSA Parties' recommendation

The Change Declaration for DCP171 indicates that distribution network operator (DNO), IDNO/OTSO<sup>6</sup>, Supplier and DG (distributed generation) Parties were eligible to vote on DCP171. In each party category where votes were cast (no votes were cast in the DG Party category), there was unanimous support for the proposal and for its proposed implementation date. In accordance with the weighted vote procedure, the recommendation to us is that DCP171 be accepted. The outcome of the weighted vote is set out in the table below.

<sup>1</sup> The terms 'the Authority', 'Ofgem' and 'we' are used interchangeably in this document. Ofgem is the Office of the Gas and Electricity Markets Authority.

<sup>2</sup> This document is notice of the reasons for this decision as required by section 49A of the Electricity Act 1989.

<sup>3</sup> The Authority's decision on DCP130 can be viewed at:

<http://www.ofgem.gov.uk/Licensing/ElecCodes/DCUSA/Changes/Documents1/DCP130D.pdf>

<sup>4</sup> The DCUSA General Objectives are set out in Part A of standard licence condition 22 of the Electricity Distribution Licence and are also set out in Clause 3.1 of the DCUSA.

<sup>5</sup> The DCUSA Charging Objectives are set out in Part B of standard licence condition 22A of the Electricity Distribution Licence and are also set out in Clause 3.2 of the DCUSA.

<sup>6</sup> IDNOs are Independent Network Operators and OTSOs are Offshore Transmission System Operators.

| DCP171              | WEIGHTED VOTING (%) |        |           |        |          |        |        |        |
|---------------------|---------------------|--------|-----------|--------|----------|--------|--------|--------|
|                     | DNO                 |        | IDNO/OTSO |        | SUPPLIER |        | DG     |        |
|                     | Accept              | Reject | Accept    | Reject | Accept   | Reject | Accept | Reject |
| CHANGE SOLUTION     | 100                 | 0      | 100       | 0      | 100      | 0      | n/a    | n/a    |
| IMPLEMENTATION DATE | 100                 | 0      | 100       | 0      | 100      | 0      | n/a    | n/a    |

### Our decision

We have considered the issues raised by the proposal and the Change Declaration<sup>7</sup> dated 11 June 2013. We have considered and taken into account the vote of the DCUSA Parties on the proposal which is attached to the Change Declaration. We have concluded that:

- implementation of the change proposal DCP171 will better facilitate the achievement of the DCUSA Charging Objectives; and
- directing that the change is approved is consistent with our Principal Objective and statutory duties.<sup>8</sup>

### Reasons for our decision

Our assessment of DCP171 against the DCUSA Objectives which we consider are relevant to our decision is set out below. We consider that the proposal is neutral with respect to the other objectives.

We consider that DCUSA Charging Objective 3.2.2 is relevant.

***DCUSA Charging Objective 3.2.2 provides '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)'.***

We agree with the view of the Proposer that the change as set out in DCP171 provides clarity in the wording of the DCUSA. We consider that clarity aids transparency, and that transparency should better facilitate competition by making the DCUSA more understandable. This modification ensures that DCP130 is implemented correctly and therefore provides more consistency and addresses the variance between UMS HH and NHH tariffs. We therefore consider that DCUSA Charging Objective 3.2.2 is marginally better facilitated.

### Decision notice

In accordance with standard licence condition 22.14 of the Electricity Distribution Licence, the Authority hereby directs that modification proposal DCP171: 'Housekeeping re Black Yellow Green' be made.

### Andrew Burgess

#### Associate Partner, Transmission and Distribution Policy

Signed on behalf of the Authority and authorised for that purpose

<sup>7</sup> All documents can be accessed via the DCUSA website: <http://www.dcusa.co.uk/Public/CP.aspx?id=193>

<sup>8</sup> The Authority's statutory duties are wider than matters that the Panel must take into consideration and are detailed mainly in the Electricity Act 1989 as amended.