

## 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](mailto: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 165
Date of submission	Feb-12
Attachments	Voltage Level Approach to Unit Charges.pptx (Presentation)
Originator Details	
Company Name	SmartestEnergy Ltd
Originator Name	Gavin Baker
Category	DG / DNO / IDNO / OTSO / SUPPLIER / OTHER
Email Address	<a href="mailto:gavin-baker@smartestenergy.com">gavin-baker@smartestenergy.com</a>
Phone Number	02074 480 982
Change Proposal Details	
CP Title	Voltage Level Approach to Unit Charges in the CDCM
Impacted parties	DG / DNO / IDNO / SUPPLIER / OTHER - (Consumers)
Impacted Clause(s)	Schedule 16 - Part 1, 'Step 1' 42-45, 'Step 2' 61, 68, 72-73, 83-84
Part 1 / Part 2 Matter	Part 1
Related Change Proposals	
Change Proposal Intent	
<p>This Change Proposal is being raised on behalf of the DCMF MIG. The intent of this proposal covers changing the CDCM for consumers with Non-Half Hourly (NHH) and Half-Hourly (HH) metering, such that:</p> <ol style="list-style-type: none"><li>'User categories' are aggregated together by voltage level prior to and for the purposes of cost allocation;</li><li>Three time band 'unit rate' charges are calculated by voltage level; and</li><li>The NHH settled tariffs are calculated by volume weighting the cost of the tariff forecast consumption profiles consumed from the three time band voltage level charges.</li></ol>	

## Business Justification and Market Benefits

These changes were identified by the DCMF MIG Sub Group tasked with addressing the structural charging discrepancies which result in NHH tariffs being a different price compared to the HH equivalent tariffs for the typical consumer. DUoS charges are a barrier to consumers accessing the HH settled, cost reflective, market because the benefits of load shifting to reduce wholesale energy and transmission charges combined may be offset by the increased DUoS charges. The result is that many consumers, even upon installing an Automatic Meter Reading (AMR) meter or SMART meter, often elect to be settled on the average cost reflective NHH settlement arrangements.

The rationale for each of the changes is:

1. Currently the CDCM calculates the yardstick unit rate for each tariff group, resulting in different costs for units consumed at the same time of day based upon meter type, whereas in practise the costs incurred by DNOs are homogenous for users connected at a given voltage level. By changing the CDCM to calculate based upon voltage level, unit charges will have the same per unit rate for all consumers at that voltage of connection;
2. NHH settlement arrangements and load factor analysis allow for each tariff group to have a known volume of energy in each of the DUoS time bands. By deriving the single and two rate tariffs from the three rate tariffs, NHH costs for a typical consumer will be the same as the HH cost should that consumer elect to be settled on a HH basis.; and
3. These changes will facilitate the smooth transition to cost reflective DUoS charging using HH data from smart (and/or advanced) metering where the profile class data may no longer exist.

The differing costs between network users are reflected in the time of day that the network is used and in the differing service model costs, which results in differing fixed charges. With this new approach there will be three time bands to each voltage level tariff in order to reflect the time that the network is used by each individual user. This will be more cost reflective than the current approach which relies on the tariff group average time of use to calculate a single or two unit rate. As such there is no need to additionally differentiate DUoS costs based upon consumption.

## Proposed Solution and Draft Legal Text

Proposed Solution;  
CDCM model changes to be determined by the working group. These changes will require consultant support.

Draft Legal Text;  
To be determined by the working group

## Proposed Implementation Date

April 2014

## Impact on Other Codes

Please tick the relevant boxes and provide any supporting information.

BSC   
CUSC   
Grid Code

MRA	<input type="checkbox"/>
Other	<input type="checkbox"/>
None	<input checked="" type="checkbox"/>
If other please specify	
<b>Consideration of Wider Industry Impacts</b>	
This change proposal is likely to have some degree of DUoS tariff price disturbance.	
<b>Environmental Impact</b>	
None identified	
<b>Confidentiality</b>	

**PART B – MANDATORY FOR NON CHARGING METHODOLOGIES CHANGE PROPOSALS**

<b>DCUSA Objectives</b>
<p><u>General Objectives:</u></p> <p>Please tick the relevant boxes.</p> <p><input type="checkbox"/> 1. The development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.</p> <p><input type="checkbox"/> 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</p> <p><input type="checkbox"/> 3 The efficient discharge by the DNO Parties and IDNO Parties of obligations imposed upon them in their Distribution Licences</p> <p><input type="checkbox"/> 4 The promotion of efficiency in the implementation and administration of this Agreement</p> <p><input type="checkbox"/> 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.</p>
<b>Rationale for better facilitation of the DCUSA Objectives identified above</b>

**PART C – MANDATORY FOR CHARGING METHODOLOGIES PROPOSALS**

<b>DCUSA Charging Objectives</b>
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Please tick the relevant boxes.

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 "EF 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**

**Charging Objectives:**

- 3 - This proposal seeks to remove an anomaly by allocating costs to both NHH and HH tariffs on the same basis, reducing discrimination between customer categories.
- 4 - The proposal will put in place a cost reflective pricing mechanism that could be used to facilitate the introduction of smart metering.

**General Objectives:**

- 1 - This proposal will improve the cost reflectivity of CDCM charges and therefore promote the development, maintenance and operation by the DNO Parties and IDNO Parties of efficient, co-ordinated, and economical Distribution Networks.

3 - DNO parties have an obligation to review their methodologies and bring forward changes where appropriate.

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

At the DCMF, DCMF MIG meetings and the NHH-HH MIG sub-group.

**PART D – GUIDANCE NOTES FOR COMPLETING THE FORM**

<b>Data Field</b>	<b>Guidance</b>
<b>Attachments</b>	Append any proposed legal text or supporting documentation in order to better support / explain the CP.
<b>Change Proposal Intent</b>	Outline the issue the CP is seeking to address. Please note that the intent of the CP cannot be altered once submitted.
<b>Confidentiality</b>	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
<b>CP Status</b>	A CP may be deemed 'urgent' in accordance with Clause 10.4.8 of the DCUSA. The proposer should give supporting reasons.
<b>DCUSA General Objectives</b>	Indicate which of the DCUSA Objectives will be better facilitated by the Change Proposal.
<b>DCUSA Charging Objectives</b>	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.
<b>Draft Legal Text</b>	Insert proposed legal drafting (change marked against any existing DCUSA drafting). The Change Proposal Intent will take precedence in the event of any inconsistency.
<b>Environmental Impact</b>	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 <a href="#">Ofgem Guidance</a> .
<b>Impact of Wider Industry Change</b>	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.
<b>Part 1 / Part 2 Matter</b>	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.
<b>Proposed Implementation Date</b>	The Change can be implemented in February, June, and November of each year.
<b>Proposed Solution</b>	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.
<b>Rationale for DCUSA Objectives</b>	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.
<b>Related Change Proposals</b>	Indicate if the CP is related to or impacts any CP already in the DCUSA or other industry change process.